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DAVID S. ROSENZWEIG
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November 21, 2002

Mary L. Cottrell, Secretary
Department of Telecommunication and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Cambridge Electric Light Company, D.T.E. 02-

Dear Secretary Cottrell:

Enclosed is an original and nine (9) copies of the Petition for Approval of Asset Divestiture (the "Petition"), with accompanying testimony and supporting exhibits, submitted by Cambridge Electric Light Company (the "Company"). The Petition concerns the sale by the Company of the Blackstone Station Facility ("Blackstone" or the "Facility") to President and Fellows of Harvard College ("Harvard") for \$14.6 million (subject to certain adjustments at closing).

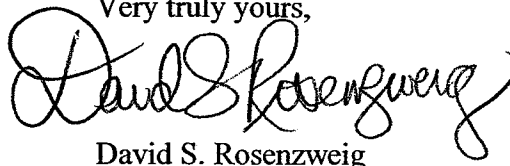
In support of the Petition, Cambridge has enclosed the Prefiled Direct Testimony of Geoffrey O. Lubbock, Vice President, Financial Strategic Planning & Policy of NSTAR Electric & Gas Corporation, providing an overview of the filing and the background relating to the Company's divestiture of Blackstone to Harvard. In addition, Mr. Lubbock's testimony describes the Company's proposal to apply the proceeds from the divestiture to reduce the Company's Transition Charge.

The asset divestiture set forth in the Petition culminates a multi-year process undertaken by the Company to mitigate transition costs through the divestiture of Blackstone. As described in the Petition and Mr. Lubbock's testimony, the sales price of \$14.6 million offered by Harvard for Blackstone is equivalent to approximately \$911 per kilowatt, a price comparable to the highest price paid for a generating facility, on a per kilowatt of capacity basis, since the passage of the Electric Restructuring Act of 1997 (the "Restructuring Act"). Therefore, the divestiture will produce significant rate benefits for the Company's retail customers.

Moreover, the process used by Company to divest Blackstone resulted in a price offered for the Facility that mitigates the Company's Transition Costs associated with the Facility to the maximum extent possible. Therefore, the divestiture of Blackstone to Harvard is consistent with the Company's Restructuring Plan, as approved by the Department in D.P.U./D.T.E. 97-111, and the Restructuring Act. Accordingly, the Company respectfully requests the Department's approval of this Petition.

Also enclosed is the \$100 filing fee. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "David S. Rosenzweig". The signature is fluid and cursive, with the first name "David" being particularly prominent.

David S. Rosenzweig

Enclosures

cc: Paul Afonso, General Counsel
Joseph Rogers, Esq.
John DeTore, Esq.
Neven Rabadjija, Esq.
Geoffrey Lubbock

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COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Cambridge Electric Light Company)
_____)

D.T.E. 02-____

PETITION FOR APPROVAL OF ASSET DIVESTITURE

Cambridge Electric Light Company ("Cambridge" or the "Company") d/b/a NSTAR Electric hereby petitions the Department of Telecommunications and Energy (the "Department") to review and approve the enclosed asset divestiture (the "Divestiture"), pursuant to which the Company will sell its interests in the land and buildings that comprise the Blackstone Station Facility ("Blackstone") to President and Fellows of Harvard College ("Harvard"). As described below and in the accompanying pre-filed testimony, attached exhibits and supporting documents, the Company's Divestiture complies with Chapter 164 of the Acts of 1997 (the "Act"), the Department's Order in D.P.U./D.T.E. 97-111, and applicable precedent.

1. The Company is an electric company providing retail service in Massachusetts and is subject to the regulatory jurisdiction of the Department. Blackstone has produced electricity and steam over the years, with the steam production sold by NSTAR Steam Corporation ("NSTAR Steam") to retail customers. Two major customers currently purchase steam produced by Blackstone: Harvard and Genzyme Corporation.
2. The Company provides retail electric service to approximately 44,000 customers in the City of Cambridge.

3. The Department has broad authority to regulate the ownership and operation of electric utilities in the Commonwealth. On February 27, 1998, the Department approved the restructuring plan of Cambridge and Commonwealth Electric Company (the "Plan") and determined that the Plan was consistent with and substantially complied with the Act. Cambridge Electric Light Company, et al., D.P.U./D.T.E. 97-111 (1998). Moreover, in its Order, the Department held that the Companies were "committed to full mitigation of their transition costs, principally by auctioning off their PPAs and generating plants." D.P.U./D.T.E. 97-111, at 64.
4. In this proceeding, the Company requests that the Department approve the Divestiture, as provided by the Purchase and Sale Agreement (the "PSA") and other related agreements, as consistent with the Act. See Cambridge Electric Light Company, et al., D.T.E. 98-78/83, at 12 (1998). As is explained below and in the accompanying testimony and exhibits, the Company submits that the Divestiture is consistent with the Plan and the Act because, as required, "the sale process is equitable and maximizes the value of the existing generation facilities being sold" as set forth in G.L. c. 164, § 1A(b)(1). Further, the Divestiture meets the Act's standard for divestiture of assets not resulting from a formal auction (i.e., the value obtained is both reasonable and appropriate in comparison to the sale value of comparable plants and is equivalent to the highest price per kilowattage of capacity for any capacity sold in New England). See G.L. c. 164, § 1A (b)(2)(ii). In addition, the Company is seeking appropriate approvals of the

various agreements relating to the Divestiture pursuant to the Act and as may be deemed required by G.L. c. 164, §§ 1A, 1G, 76, and 94.

5. On August 1, 2002, the Company entered into a series of agreements with Harvard under which Cambridge will divest its interests in Blackstone as required by Cambridge Electric Light Company et al., D.T.E. 99-90-C, its approved Plan and pursuant to the Act. As set forth in detail in the attached testimony of Geoffrey Lubbock, the Company's proposal will benefit customers by divesting Blackstone via an arms'-length negotiation that resulted in a price for the facility that maximized its value, and thus will allow the Company to maximize the mitigation of its transition costs.
6. Harvard is a charitable and educational corporation existing under the laws and the Constitution of the Commonwealth of Massachusetts, whose principal place of business is Cambridge, Massachusetts. Harvard will acquire the Blackstone generating assets of the Company that are part of the Divestiture. The specific contractual arrangements are set forth in the accompanying testimony of Geoffrey Lubbock.
7. The Divestiture involves the transfer from the Company to Harvard of Blackstone pursuant to the PSA. The Company proposes to sell approximately 16 megawatts ("MW") of generating assets to Harvard for \$14.6 million (subject to certain adjustments at closing).¹ The purchase price represents a substantial premium over

¹ Although Blackstone formerly produced electricity with a nameplate rating of approximately 16 MW, it has not been in active service to produce electricity since November 19, 2001.

the book value of the assets being transferred. The transaction is structured to close in early 2003, contingent upon, inter alia, the receipt of applicable regulatory approvals.

8. The net proceeds of the Divestiture will reduce Cambridge's Transition Charge. As approved by the Department, the Transition Charge recovers the above-market costs of generation-related investments and obligations that utilities have undertaken to provide service to their customers under traditional utility regulation. The Divestiture will reduce the total amount of transition costs to be recovered through the Transition Charge, as compared to the levels approved by the Department most recently, in D.T.E. 00-83-A. The Company proposes to flow back Blackstone's net proceeds to customers through a reduction in the variable component of the Company's transition charge.
9. The Company's ratemaking proposal benefits customers by: (1) expediting the return of the net proceeds to customers; and (2) creating headroom in meeting the rate-cap requirements set forth in G.L. c. 164, § 1B(b), which will allow the Company to reduce deferrals. Eliminating deferrals benefits customers because it avoids the necessity for customers to pay for those deferrals at a later date, with carrying charges, as would otherwise occur. Moreover, given the compliance with the above-referenced rate-cap requirements, these deferrals can be recovered from customers without affecting the overall level of the Company's rates.
10. The Company and Harvard (together, the "Parties") have negotiated the terms of a sale of Blackstone to Harvard subject to a Right of First Offer for Harvard,

executed by the Parties on February 5, 1993.² These negotiations included several analyses of Blackstone's market value and arms'-length discussions regarding the market price of the facility and related assets. These efforts have ensured an equitable sale process whereby the maximum value of the Company's Blackstone assets have been attained through a confidential, arms'-length negotiation. The Company's Divestiture efforts are described in detail in the testimony of Mr. Lubbock.

11. The Divestiture is embodied in four agreements, copies of which are attached to the testimony of Mr. Lubbock. The agreements are discussed in Mr. Lubbock's testimony and include the following:

- a Purchase and Sale Agreement between Cambridge and Harvard;
- a Steam Asset Purchase and Sale Agreement between NSTAR Steam and Harvard;
- a lease agreement between Cambridge and Harvard; and
- an Operating Agreement between NSTAR Steam and Harvard.

In addition to these agreements, NSTAR Steam has entered into a separate Services Agreement with NSTAR Electric & Gas Corporation governing NSTAR Electric & Gas Corporation's employee-related obligations under the Operating Agreement.

² Cambridge and Harvard are subject to an Indenture signed on February 5, 1993, which limits Cambridge's rights to sell or agree to sell the land, buildings and improvements constituting Blackstone Station (the "Premises"), or the steam operations of Blackstone Station (the "Steam Operations"), or both, without first offering in writing to Harvard to convey the Premises or the steam operations to Harvard (i.e., the Right of First Offer). Indenture at § 2. The Right of First Offer is valid for at least 60 years. *Id.* at § 2(g). The Indenture states that, once Harvard receives an offer from Cambridge, Harvard shall have 60 days either: (i) to accept the offer at the purchase price estimated by Cambridge to be the Premises' fair market value; or (ii) to request an appraisal. *Id.* at § 2(b). Conversely, if Harvard fails (within 60 days) to accept an offer from the Company to convey, then, except as otherwise provided in the Indenture, Cambridge may sell the Premises (or the Steam Operations) free from any obligation under the Indenture, and Harvard must reimburse Cambridge for all appraisal, legal and other documented expenses that are paid by Cambridge in connection with its performance of its obligations under the Indenture. *Id.* at § 2(f).

12. The Divestiture of Blackstone, as set forth herein, is consistent with the Plan as approved by the Department and with the Act, and ensures that the Company's transition costs are mitigated to the full extent of the market value of the Company's assets. Divestiture will significantly reduce Cambridge's Transition Charge obligations. The resulting impact on Cambridge's Transition Charge is explained in the testimony of Mr. Lubbock.
13. The Department has jurisdiction and authority to review and approve the subject Divestiture by the Company, and associated ratemaking treatment, pursuant to the Order in D.P.U./D.T.E. 97-111, and G.L. c. 164, §§ 1A, 1G, 76 and 94. The Divestiture is consistent with the public interest because it complies with the Plan, as approved by the Department in D.P.U./D.T.E. 97-111, and will reduce rates to Cambridge's customers. The Divestiture is another important step in furtherance of restructuring and customer choice in Massachusetts, and should be approved by the Department.

WHEREFORE, Cambridge Electric Light Company petitions the Department to approve the proposed divestiture of Blackstone and make the following findings:

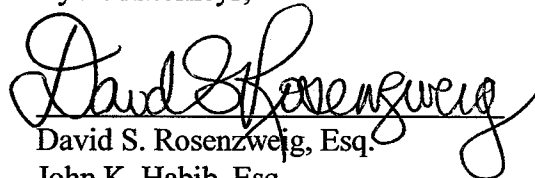
- A. That the Divestiture process used by the Company to sell Blackstone was equitable as required by G.L. c. 164, § 1A(b)(1) and (2);
- B. That the Divestiture process used by the Company resulted in a price for Blackstone that maximized the value of the generating assets for customers as required by G.L. c. 164, § 1A(b)(1) and G.L. c. 164, § 1G;

- C. That the proposed ratemaking treatment, as described by Mr. Lubbock, is consistent with and in substantial compliance with § 1A(b)(3) of the Act, and with the Company's Plan, and is approved;
- D. That the Company will submit in its next transition cost reconciliation filing, following approval of the Petition by the Department and subsequent transfer of title of Blackstone to Harvard, a proposed transition charge to be approved by the Department and to be placed in effect, in accordance with the Act and with G.L. c. 164, § 94, reflecting the application of the net proceeds of the sale to customers; and
- E. That the Department grant any other approvals and make any requisite findings as may be necessary or appropriate in relation to this Petition.

Respectfully submitted,

CAMBRIDGE ELECTRIC LIGHT COMPANY

By Its Attorneys,



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John K. Habib, Esq.
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Date: November 21, 2002

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**CAMBRIDGE ELECTRIC LIGHT COMPANY
d/b/a NSTAR ELECTRIC**

Testimony of Geoffrey O. Lubbock

D.T.E. 02-__

1 I. INTRODUCTION

2 Q. Please state your name and business address.

3 A. My name is Geoffrey O. Lubbock. My business address is 800 Boylston Street,
4 Boston, Massachusetts 02199.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed by NSTAR Electric & Gas Corporation ("NSTAR E&G") as Vice
7 President, Financial Strategic Planning & Policy. In my current position, I am
8 responsible for a broad range of regulatory and financial planning responsibilities.

9 Q. Please describe your education and professional background.

10 A. I have a Bachelor and Master of Arts from Cambridge University and a Masters
11 Degree in Business from the London Graduate School of Business. I joined
12 Boston Edison Company ("Boston Edison") in 1988 as Manager of Revenue
13 Requirements. In 1991, I became Manager of Revenue Requirements and
14 Financial Planning. In 1993, I became Manager of Energy Research Planning and
15 Forecasting. In 1995, I became Manager of Corporate Service Commitments and
16 in 1997, I became Director of Generation Divestiture. I assumed my current
17 position in July 1998. Prior to Boston Edison, I was with the Cabot Corporation,
18 Exxon Corporation and Citibank.

1 **Q. Have you previously testified in any formal hearings before regulatory**
2 **bodies?**

3 A. Yes, on a number of occasions. I testified before the Department of
4 Telecommunications and Energy (the "Department") on behalf of Boston Edison
5 in connection with the approval of its sale of the Pilgrim Nuclear Power Station to
6 Entergy Nuclear Generation Company in D.T.E. 98-119. I have also testified
7 before the Department to support Boston Edison's Restructuring Settlement
8 Agreement in D.P.U. 96-23 and in connection with approval of the divestiture of
9 Boston Edison's fossil generation assets in D.T.E. 97-113.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is: (i) to summarize this filing; (ii) to describe the
12 divestiture requirements of Chapter 164 of the Acts of 1997 (the "Act") and
13 Cambridge Electric Light Company's (the "Company") Department-approved
14 Restructuring Plan; (iii) to describe the history of the Blackstone Station Facility
15 ("Blackstone Station" or the "Station") and Harvard's Right of First Offer
16 regarding the Station; (iv) to describe how the planned divestiture of Blackstone
17 Station and related assets (the "Assets," together with Blackstone Station,
18 "Blackstone") through an arms'-length negotiation process maximizes benefits to
19 customers; and (v) to describe the effect of the proposed divestiture on the
20 Company's transition charge.

1 **II. SUMMARY OF FILING**

2 **Q. Please describe the nature of this filing.**

3 A. In this proceeding, the Company is seeking the Department's approval of the sale
4 of Blackstone to President and Fellows of Harvard College ("Harvard") and
5 associated ratemaking treatment. The Company proposes to sell Blackstone to
6 Harvard for \$14.6 million (subject to certain adjustments at closing). If approved,
7 the sale will allow the Company to maximize the mitigation of its transition costs
8 that would otherwise be charged to customers.

9 **III. DIVESTITURE REQUIREMENTS**

10 **Q. Please describe the divestiture requirements of the Act.**

11 A. The Act requires that the Company undertake all reasonable steps to mitigate its
12 transition costs and encourages companies to divest their non-nuclear generating
13 assets. See G.L. c. 164, § 1G(d)(1). The Company's divestiture of Blackstone
14 must be shown to be consistent with the Act by demonstrating that the sale
15 process was equitable and maximized the value of the generation facilities being
16 sold. Id. at § 1A(b)(1). The Act references two means to divest non-nuclear
17 generating assets: (1) an auction; or (2) a transfer of generating assets to an
18 affiliated company at a value determined to be reasonable and appropriate by the
19 Department, "including but not limited to a value based on the sale value of
20 comparable plants through prior divestiture actions." Id. at § 1A(b)(2).

1 The Department has previously approved the Company's Restructuring Plan,
2 finding, among other things, that the Company is committed to the maximum
3 mitigation of its transition costs, "principally by auctioning off their PPAs and
4 generating plants" in compliance with the Act. Canal Electric Company,
5 Cambridge Electric Light Company, Commonwealth Electric Company,
6 D.P.U./D.T.E. 97-111, at 64 (1998). In this case, Blackstone Station is unique
7 among the Company's assets in that it is and has been subject to a Right of First
8 Offer held by Harvard. The Right of First Offer, entered into well before industry
9 restructuring (February 5, 1993), restricted the Company from selling or agreeing
10 to sell Blackstone Station, or its steam operations, or both, without first offering in
11 writing to convey such assets to Harvard. Accordingly, the Company's options to
12 sell Blackstone Station through a general auction were constrained by the Right of
13 First Offer.

14 As described infra, the Company's arms'-length negotiation with Harvard has
15 resulted in a price for Blackstone that is equivalent to the highest price per
16 kilowatt ("kW") of capacity for any generation sold in New England since the
17 advent of retail access in Massachusetts (March 1, 1998). Accordingly, the
18 Company has met the Act's requirement for divestiture in that a high and
19 reasonable price was achieved that maximizes the asset's value, especially as
20 compared to the value of other generation assets sold through prior divestitures.
21 The Company presents the results of its arms'-length negotiation for review and is

1 requesting that the Department approve the transaction as in compliance with the
2 Act. In D.T.E. 99-90-C at 11, the Department directed the Company to conclude
3 its negotiations with Harvard as soon as possible, and the Company has worked
4 diligently to do so.

5 **IV. BACKGROUND OF BLACKSTONE STATION AND HARVARD'S**
6 **RIGHT OF FIRST OFFER**

7 **Q. Please describe the history of Blackstone Station and its current customers.**

8 A. Facilities at the Blackstone site have produced steam and/or electric generation
9 since the turn of last century; however, the current facilities have produced steam
10 and electricity since about 1930. Blackstone's primary use today is to produce
11 steam for resale by NSTAR Steam Corporation ("NSTAR Steam"). NSTAR
12 Steam has two major customers: Harvard and Genzyme Corporation
13 ("Genzyme"). Harvard and Genzyme purchase steam from Blackstone pursuant
14 to separate agreements with NSTAR Steam (the "Harvard Steam Contract" and
15 the "Genzyme Steam Contract," together, the "Steam Contracts").

16 **Q. How have the Company's retail electricity customers benefited from the**
17 **Company's ownership of Blackstone Station?**

18 A. Historically, the cost of service of Blackstone Station was shared between
19 electricity and steam production. The Company's customers were responsible for
20 electricity-related production costs at Blackstone, while customers of NSTAR
21 Steam paid for steam production-related costs. The allocation of these costs has
22 been in accordance with the Department's approval in past rate cases. However,

the Company's customers received 100 percent of the benefit of the Station's past electricity production. Therefore, the Company's customers have received all of the benefit from the electric operation of Blackstone, while bearing only a portion of the Station's total costs. Accordingly, Blackstone's cogeneration of energy has inured to the benefit of the Company's electricity customers.

Q. Please describe the origins of the Right of First Offer for Blackstone granted to Harvard by the Company.

A. In early 1993, Harvard and COM/Energy Steam Company, the predecessor to NSTAR Steam, entered into negotiations regarding a potential extension of an Agreement for Steam Service, which set forth the terms under which COM/Energy Steam Company (now NSTAR Steam) would deliver and sell steam to Harvard. The steam sold and delivered to Harvard provides the sole means for heating Harvard's Cambridge and Allston campuses. Given the critical role Blackstone played in heating the campus, Harvard approached the Company and COM/Energy Steam Company and suggested that a long-term steam service agreement was critical to Harvard and that such an arrangement would be possible only if Harvard's concerns over long-term steam security were addressed. Accordingly, discussions with Harvard ensued, leading to the negotiation of the Right of First Offer (Exh. GOL-2), which controlled the Company's rights to sell or agree to sell the land, buildings and improvements constituting Blackstone Station (the "Premises"), or the steam operations of Blackstone Station (the

1 “Steam Operations”), or both, without first offering in writing to Harvard to
2 convey the Premises or the steam operations to Harvard.

3 **Q. How did the Harvard Steam Contract and the Right of First Offer benefit**
4 **Harvard?**

5 A. The Harvard Steam Contract provided Harvard the needed assurance that a long-
6 term, economical and reliable supply of steam would be available to its campuses
7 and that Harvard would have an opportunity to buy the facility before it could be
8 sold to a third party.

9 **Q. How did the Harvard Steam Contract and the Right of First Offer benefit the**
10 **Company’s customers?**

11 A. For COM/Energy Steam Company and the Company, the agreements ensured that
12 a favorable, long-term steam agreement with Harvard was in place, which would
13 permit the costs associated with Blackstone Station to continue to be shared in a
14 manner that was beneficial to the Company’s customers. Thus, based on these
15 material benefits, the Right of First Offer and the Steam Contract were executed.

16 **Q. Why was the Right of First Offer relevant in the Company’s consideration of**
17 **options to divest Blackstone?**

18 A. In considering the best means to divest and maximize the value of Blackstone, the
19 Right of First Offer demonstrated that Harvard had an obvious vested interest in
20 the ownership of Blackstone and its steam supply, and thus, that it would likely
21 pay more than other potential buyers. Moreover, the Company believed that, to
22 the extent that the Company attempted to sell Blackstone to a buyer other than

1 Harvard, Harvard would likely attempt to block such a sale because of the
2 importance to Harvard of having a reliable source of steam for its facilities. This
3 made a more traditional bidding process less desirable because its results would
4 be significantly delayed or jeopardized by the presence of the Right of First Offer.
5 Accordingly, the Company determined that Harvard's need for the steam from
6 Blackstone would cause Harvard to place a higher value on Blackstone than other
7 potential buyers, and thus, the Company chose to negotiate with Harvard, rather
8 than pursue other options to divest the facility, such as an auction.

9 **V. THE DIVESTITURE PROCESS**

10 **Q. Please summarize the process used in the Company's divestiture of**
11 **Blackstone.**

12 **A.** The Company has participated in arms'-length negotiations with Harvard on
13 various occasions since 1998 to sell Blackstone, under terms and conditions
14 designed to maximize its value for the Company's customers. The net proceeds
15 garnered from the divestiture process will be directed to reduce the amount of
16 transition costs that the Company's customers will have to pay. In fact, Harvard,
17 as a major electricity customer of the Company, benefits from the selling price.

18 Harvard has signed the appropriate agreements, which provide for the transfer of
19 ownership, conditioned on state approvals, of the applicable assets at a price of
20 \$14.6 million. The process was carefully planned and designed to maximize the
21 value of Blackstone, to achieve the greatest mitigation of transition charges for the

1 Company's customers and to be consistent with the Company's restructuring plan
2 approved in D.P.U./D.T.E. 97-111.

3 **Q. Why didn't the Company divest Blackstone Station in 1998 along with its**
4 **former fossil-fueled generation assets?**

5 A. The Company considered divesting Blackstone Station in conjunction with the
6 auction of its fossil-fueled generating facilities in 1998. However, generation at
7 the station was very small at 16 MW when compared to the rest of the fossil fleet
8 (approximately 984 MW). The unit was aged and the opportunity to re-power the
9 site was limited because of its location and lack of access to gas. Thus, as a
10 generating plant, it had limited value. In addition, as described above, the steam
11 production from the plant had a different value to Harvard because it was its sole
12 source of heat to the campus, which gave it a crucial role to Harvard. To proceed
13 with an auction of Blackstone with the Company's other facilities may have
14 risked the outcome of that outstanding auction (which produced approximately
15 \$462 million for customers), delayed its results and/or prompted disputes with
16 Harvard.

17 Based on this, the Company chose to continue to negotiate with Harvard to divest
18 Blackstone while keeping in abeyance a contingency plan for a separate auction of
19 Blackstone in case the value offered by Harvard was not satisfactory.

1 **Q. Why is the Company satisfied that it has maximized the value of Blackstone**
2 **Station?**

3 A. Since 1998, several studies have been performed that evaluated the value of
4 Blackstone Station and the Blackstone site generally. These studies have included
5 various assumptions regarding the use of the Blackstone site, from continued
6 operation of Blackstone Station as a steam generating facility to redevelopment of
7 the Blackstone site with either residential or commercial uses other than for
8 generating steam. Depending on the assumptions used and the timing of the
9 study, the value of Blackstone ranged from approximately \$3 million to over \$30
10 million. However, to put these studies in some perspective, the studies were
11 performed at various times since 1998 and none included full environmental
12 remediation costs in their assumptions. Further, the value of electric generation
13 assets generally has depressed significantly since 1998. Accordingly, obtaining a
14 purchase price for Blackstone of \$14.6 million falls comfortably within the
15 various valuations of Blackstone performed over the last few years. Moreover,
16 despite the drop-off in the electricity markets, as discussed below, the purchase
17 price obtained nonetheless is equivalent to the highest value obtained thus far for
18 electric generation on a per-kW basis.

19 **Q. How can one determine whether the Company maximized the value of**
20 **Blackstone Station?**

21 A. The Act recommends that generating plants not sold at auction be valued by
22 comparing their sale price to the "sale value of comparable plants through prior

divestiture actions,” with a minimum price no lower than “the highest price per kilowattage of capacity for any capacity sold in New England, as determined by the Department...” *Id.* at § 1A(b)(2). To date, the highest reported price per kW of capacity for plant sales in New England is \$911 per kW in the divestiture of certain hydro-electric generating assets in Maine. Indeed, the Attorney General recommended to the Department in the Company’s recent transition cost reconciliation proceeding (D.T.E. 99-90) that the Company be directed to credit its transition charge with revenue equal to the residual value credit that would be applied had the Company sold Blackstone Station at the same time as its other plants and obtained \$14.6 million, or \$911 per kW. In comparison, as a result of the Company’s arm’s-length negotiation with Harvard, Harvard has agreed to pay \$14.6 million for Blackstone, which is the equivalent of approximately \$911 per kW. Accordingly, by comparing the various analyses of the value of Blackstone and the price of other generating facilities sold in New England, it is clear that the Company has maximized the value of Blackstone Station, consistent with the Act.

Q. Could the Company have proceeded to an auction of Blackstone directly without first attempting to negotiate a sale with Harvard?

A. No, it would not have been practical or appropriate to do so. Given the Right of First Offer and Harvard’s obvious heightened interest in Blackstone, it was clear to the Company that any such auction would have proceeded at significant risk of challenge from Harvard, ultimately leading to disputes, delays, additional costs to

1 customers and, at a minimum, clouding the prospects of a successful divestiture
2 through an auction. Further, I am advised by my attorneys that, despite a
3 provision in the Right of First Offer setting forth that the Company could auction
4 the entire Blackstone site without triggering Harvard's prior refusal rights,
5 Harvard would likely assert legal and factual questions as to whether the
6 divestiture of Blackstone in these circumstances would qualify under that
7 provision. Moreover, in light of the unique location of the Blackstone facility and
8 its central role in meeting Harvard's steam requirements, it was obvious that
9 Harvard would place the highest value on owning Blackstone. For these reasons,
10 it made little sense from both a practical and legal perspective to auction the
11 Blackstone facility without exhausting negotiations with Harvard.

12 **VI. DESCRIPTION OF THE ASSET PURCHASE AGREEMENTS**

13 **Q. Please describe the specific transactions in this divestiture.**

14 **A.** There are four agreements involved in this divestiture. They are: (1) a Purchase
15 and Sale Agreement between the Company and Harvard (the "PSA") (Exhibit
16 GOL-3);¹ (2) a Steam Asset Purchase and Sales Agreement between NSTAR
17 Steam and Harvard (the "Steam Asset Agreement") (Exh. GOL-4); (3) a Lease
18 Agreement (Exh. GOL-5) (the "Lease Agreement"); and (4) an Operating
19 Agreement between NSTAR Steam and Harvard (the "Operating Agreement")

¹ The attached PSA includes the First Amendment to Purchase and Sale Agreement, dated October 30, 2002, which extended the Inspection Period from October 30, 2002 to November 8, 2002.

1 (Exh. GOL-6). In addition, a services agreement between NSTAR Steam and
2 NSTAR E&G has been executed that reflects certain employee-related terms from
3 the Operating Agreement (Exh. GOL-7) (the "Services Agreement"). Copies of
4 these documents are attached and described below.

5 **Q. Please describe the terms of the PSA.**

6 A. The Company is selling the following Blackstone Station assets to Harvard via the
7 PSA: (1) all real property described in Schedule 1 of the PSA, subject to all
8 easements and other appurtenant rights of the Company therein; (2) all Inventory
9 (as defined by the PSA), machinery, fixtures, furniture, furnishings, equipment,
10 tools, spare parts, consumables and other tangible personal property located on the
11 Real Property (as defined by the PSA) or used in connection therewith to produce
12 electricity, steam or both; (3) all rights with respect to leasehold interests and
13 rights thereunder (listed in Schedule 3 of the PSA) relating to the Real Property
14 and/or the Blackstone generating facility (the "Leases") (unless Harvard elects to
15 have the Company terminate certain of the Leases prior to closing); (4) all
16 certificates, licenses, grants of location, permits, approvals, consents, orders,
17 exemptions, decisions and other actions of a Governmental Authority (as defined
18 by the PSA) relating to the Blackstone site, to the extent they are assignable or
19 will pass to Harvard by operation of law; (5) all rights of the Company under the
20 contracts, agreements, and personal property leases relating to the operation of the
21 Generating Facility listed in Schedule 5 of the PSA (the "Contracts") (unless

1 Harvard elects to have the Company terminate certain of the Contracts prior to the
2 closing); (6) all books and records relating to the design, construction, licensing,
3 maintenance or operation of the Generation Facility (excluding the Company's
4 financial records and books of account); and (7) all rights of the Company to the
5 name "Blackstone Station" (Exh. GOL-3, at 1-2).

6 **Q. Please describe the Blackstone Steam Asset Agreement.**

7 A. In addition to the Company's sale of certain Blackstone assets to Harvard,
8 NSTAR Steam is selling certain Blackstone assets to Harvard, as follows: (1) the
9 steam lines in Western Avenue servicing properties in Allston, Massachusetts and
10 those steam lines necessary to fulfill NSTAR Steam's obligations to Harvard and
11 Genzyme under its Steam Contracts, together with all easements and other
12 appurtenant rights of NSTAR Steam therein (the "Steam Lines"); (2) all rights
13 with respect to leasehold interests and rights thereunder relating to the Steam
14 Lines (listed in Schedule 3 of the Steam Asset Agreement) (the "Steam Asset
15 Leases") (unless Harvard elects to have NSTAR Steam terminate certain of the
16 Steam Asset Leases prior to closing); (3) all certificates, licenses, grants of
17 location, permits, approvals, consents, orders, exemptions, decisions and other
18 actions of a Governmental Authority (as defined by the Steam Asset Agreement),
19 relating to the Steam Lines, to the extent they are assignable or will pass to
20 Harvard by operation of law; (4) all rights of NSTAR Steam under the contracts,
21 agreements, and personal property leases relating to the operation of the Steam

1 Lines listed in Schedule 5 of the Steam Asset Agreement (the "Steam Asset
2 Contracts") (unless Harvard elects to have NSTAR Steam terminate certain of the
3 Steam Asset Contracts prior to the closing); (5) all books and records relating to
4 the design, construction, licensing, maintenance or operation of the Steam Lines
5 (excluding NSTAR Steam's financial records and books of account); (6) all rights
6 of NSTAR Steam to the name "Blackstone Station;" and (7) all unexpired
7 warranties, if any, from third parties with respect to the Steam Lines (Exh.
8 GOL-4, at 1-2).

9 **Q. Please describe the Lease Agreement.**

10 A. The Lease Agreement commenced August 1, 2002. Pursuant to its terms, the
11 Company is leasing to Harvard on a short-term basis certain buildings on the
12 Blackstone site at 46 Blackstone Street in Cambridge, Massachusetts, for use by
13 Harvard as office, warehouse or storage space or other activities previously
14 conducted by the Company (the "Buildings"). The Lease Agreement will expire
15 upon the earlier of the purchase by Harvard of the Buildings pursuant to the PSA,
16 or the termination of the PSA, but shall not, in any event, expire later than
17 June 30, 2003 (Exh. GOL-5, at 2).

18 **Q. Please describe the Operating Agreement.**

19 A. The Operating Agreement provides an orderly transition of the steam operations
20 from NSTAR Steam to Harvard. Pursuant to the Operating Agreement between
21 Harvard and NSTAR Steam, after the closing of the sale of Blackstone to

1 Harvard, NSTAR Steam would continue to perform the obligations of the seller of
2 steam pursuant to the Steam Contracts (Exh. GOL-6, at § 1.3). NSTAR Steam
3 would perform these obligations for a period of one year after the closing date,
4 unless extended by mutual agreement of NSTAR Steam and Harvard (id. at § 1.2).
5 During the term of the Operating Agreement, NSTAR Steam is obligated to
6 operate and maintain the Generating Facility and the Steam Lines (the “Steam
7 Production Facility”) substantially as operated and maintained to date (id. at
8 § 1.4).

9 **Q. How does the Operating Agreement address the status of Blackstone’s**
10 **employees?**

11 A. As part of the Operating Agreement, NSTAR E&G will retain its current role as
12 employer of the Steam Production Facility employees (identified in Schedule 1 of
13 the Operating Agreement) (the “Employees”) (id. at § 1.6). If, during the term of
14 the Operating Agreement, any of the Employees identified in the Operating
15 Agreement that are employed pursuant to existing Labor Agreements ceases to be
16 employed in connection with the operation of the Steam Production Facility,
17 NSTAR Steam and NSTAR E&G will consult with Harvard prior to replacing
18 such Employee (id.). At the end of the term of the Operating Agreement, Harvard
19 shall pay to NSTAR Steam \$100,000 for each Employee (or their replacement)
20 who remains employed by NSTAR E&G at the conclusion of the term and either:
21 (1) is not offered employment by Harvard (or its agent); or (2) is offered

1 employment by Harvard, but does not accept such offer (id.).

2 **Q. Please describe the terms of the Services Agreement.**

3 A. As noted previously, the Services Agreement is between NSTAR E&G and
4 NSTAR Steam. NSTAR E&G is the employer of all of NSTAR's subsidiary
5 companies' employees, including NSTAR Steam. The Services Agreement
6 governs NSTAR E&G's obligations to provide employee services in manner
7 consistent with NSTAR Steam's obligations under the Operating Agreement. In
8 consideration of NSTAR E&G providing labor services to NSTAR Steam,
9 NSTAR Steam will pay NSTAR E&G an amount equal to all of the costs of
10 NSTAR E&G in fulfilling its obligations under the Services Agreement. In
11 addition, to the extent that NSTAR E&G incurs severance, outplacement or
12 retraining costs pursuant to NSTAR Steam's performance under the Operating
13 Agreement, the Services Agreement provides that NSTAR Steam will reimburse
14 NSTAR E&G for such costs. The Services Agreement will commence as of the
15 date that Harvard takes legal title to Blackstone, and will continue for a period of
16 one year, or until the termination of the Operating Agreement, whether such
17 termination is before or after the one-year period referenced herein.

18 **Q. How do the Company's customers benefit from the provisions of the**
19 **Operating Agreement and the Services Agreement?**

20 A. In most generation facility divestitures, the divesting utility must pay for
21 employee severance, outplacement and retraining benefit costs, and thus, such

1 costs are deducted from the net proceeds that ultimately flow to customers as a
2 result of the transaction. However, in this case, there will be no such deduction
3 from the net proceeds. Under the Operating Agreement, Harvard will pay
4 NSTAR Steam \$100,000 for each Employee that it doesn't retain to offset any
5 such severance, outplacement or retraining costs. In return, NSTAR Steam has
6 agreed to reimburse NSTAR E&G for any such costs so that these costs will not
7 be borne by the Company's customers (see Exh. GOL-7). This approach
8 maximizes the interest of the Employees and the Company's customers. It also
9 provides Harvard an incentive to retain all such Employees in order to minimize
10 associated payments to NSTAR Steam. In the case of employees in Local 369,
11 the employees have the right to "bump back" into other positions at NSTAR
12 E&G.

13 **VII. EFFECT OF THE SALE OF BLACKSTONE ON THE COMPANY'S**
14 **TRANSITION CHARGE**

15 **Q. Please describe the exhibit relating to the Company's transition cost analysis**
16 **included as an attachment to your testimony.**

17 **A.** I have included an exhibit (Exh. GOL-8) that calculates the net benefit flowing to
18 the Company's customers as a result of the Blackstone sale. This exhibit shows
19 the sale price of \$14.6 million and deducts from this price the net book value of
20 the plant that has not already been recovered through the transition charge, as well
21 as a current estimate for transaction costs.

1 **Q. How does the Company propose to reflect the net proceeds in the Company's**
2 **Transition Charge?**

3 A. The Company will flow back the net proceeds in the Company's transition charge
4 as part of the variable component. This will allow the Company to offset the
5 regulatory deferral balances that the Company has accrued over the past few
6 years.

7 **Q. How did these deferral balances arise?**

8 A. The Company's rates are 15 percent below the Company's rates in effect as of
9 August 1997, consistent with the rate-cap requirements of the Restructuring Act.
10 Accordingly, to the extent that the Company incurs costs that would otherwise
11 cause rates to rise above the rate cap, the Company must defer charging customers
12 for such costs. Specifically, because the Company's costs for Standard Offer
13 Service, Default Service and transmission service are above what the Company
14 now recovers through rates, the Company is accruing deferrals in these accounts.
15 In addition, the Legislature's continuation of the energy-efficiency surcharge on
16 customer bills through 2007, which was originally scheduled to end in 2002, acts
17 as an additional constraint on the Company's ability to reduce deferrals.

18 **Q. What is the impact of the deferral balances?**

19 A. The deferral balances have a negative impact on customers for two reasons. First,
20 customers must pay carrying charges on the deferral balances. Second, because
21 deferred costs are collected over time, the customers on whose behalf the

1 Company incurs costs may not be the same customers who pay for such costs in
2 the future. Thus, customers benefit when the Company is able to avoid or reduce
3 deferrals.

4 **Q. Will applying the net proceeds from the sale of Blackstone to the Company's**
5 **deferrals bring these deferral balances below zero?**

6 A. No. The forecast deferral balance of over \$17 million exceeds the expected net
7 proceeds from the sale of Blackstone, as does the Company's aggregate deferral
8 balance at the end of 2003 of approximately \$12 million (see Exhibit GOL-9).
9 This method of flowback reduces the deferral and is consistent with the
10 accounting for the sale of non-generating assets.

11 **Q. Is the use of Blackstone's net proceeds to pay down deferrals consistent with**
12 **the use of the sales proceeds from other divestitures performed by the**
13 **Company?**

14 A. Yes. The Company's Department-approved Restructuring Plan allows the
15 Company to use its proceeds from the sale of its generating assets to offset
16 transition costs associated with its regulatory assets. See Cambridge Electric
17 Company, Commonwealth Electric Company and Canal Electric Company,
18 D.P.U./D.T.E. 97-111, at 61-62 (1998). In this instance, the Company proposes to
19 use Blackstone's net proceeds to pay down deferrals associated with electric
20 restructuring-related obligations, including generation-related costs. Previously,
21 the Department has approved the Company's use of divestiture proceeds from the
22 Canal generating asset to be used to reduce the variable portion of the transition

1 charge (e.g., Seabrook and Pilgrim buy downs). See Cambridge Electric Light
2 Company, Canal Electric Company and Commonwealth Electric Company,
3 D.T.E. 98-78/83-A at 12-13 (1998) (Canal divestiture and establishment of
4 Energy Investment Services); Commonwealth Electric Company, D.T.E. 98-
5 119/126, at 71-72 (1999) (Pilgrim buy down); Cambridge Electric Light
6 Company and Commonwealth Electric Company, D.T.E. 99-89, at 10-11 (2000)
7 (Seabrook buy down). The Department has also recognized the importance of
8 avoiding the accrual of high deferrals. See, e.g., Commonwealth Gas Company's
9 Request for Authorization to Adjust its Gas Adjustment Factor, D.T.E. 01-14,
10 at 5-9 (2001); Standard Offer Service Fuel Adjustment, D.T.E. 00-66/67/70,
11 at 2-3 (2000). Moreover, the flowback of the Blackstone proceeds through the
12 variable component of the transition charge is consistent with the sale of
13 distribution properties. Since the generation of electricity ceased at Blackstone in
14 2001 and the future value of the site is not generation-related, it is especially
15 appropriate to flowback the proceeds through the variable component.

16 **Q. When does the Company propose to adjust its transition charge to reflect**
17 **Blackstone-related net proceeds?**

18 A. The transition charge impact from the sale of Blackstone will be reflected in the
19 Company's next transition cost reconciliation filing.

20 **Q. What are the total savings attributable to the sale of Blackstone to Harvard?**

21 A. Based on a projected December 31, 2002 closing date, the total estimated savings

1 to the Company's retail customers attributable to the sale of Blackstone are
2 approximately \$10.5 million (Exh. GOL-8).

3 **Q. Does the Company's analysis support the decision to sell Blackstone to**
4 **Harvard?**

5 A. Yes, it does. As shown in Exhibit GOL-8, the total Transition Charge savings to
6 the Company's retail customers are estimated to be approximately \$10.5 million.
7 Accordingly, the sale of Blackstone to Harvard provides significant savings to the
8 Company's customers.

9 **VIII. REGULATORY APPROVALS**

10 **Q. Are there any approvals required by the Company or Harvard as part of this**
11 **divestiture transaction?**

12 A. The PSA specifically requires the Department to approve the transaction as a
13 condition precedent to the Company's obligation to close (Exh. GOL-3, at
14 § 13(c)).

15 **Q. Does this conclude your testimony?**

16 A. Yes, it does.

17 e:\come\blackstone divestiture\dte filing\lubbock testimony.doc

INDENTURE

RIGHT OF FIRST OFFER

PREAMBLE: INDENTURE made as of February 5, 1993, by and between Cambridge Electric Light Company, a Massachusetts corporation ("Grantor"), and President and Fellows of Harvard College, a Massachusetts corporation ("Harvard").

WITNESSETH

Grantor COVENANTS AND AGREES with Harvard and its successors and assigns, for Grantor its successors and assigns, as follows:

1. DEFINITIONS AND OTHER GENERAL PROVISIONS. The following terms, when used in this Indenture, shall have the meanings indicated and the following shall apply generally in implementing this Indenture:

(a) "Fair Market Value" - means either (i) the fair market value of the Premises, as of the time in question, as agreed upon by Harvard and Grantor or (ii) absent such agreement, as determined by Appraisal (as described below), or (iii) if there exists a Valid Offer, the Fair Market Value shall be equal to the "Valid Value" as defined below.

(b) "Appraisal" - If Harvard and Grantor are unable to agree upon Fair Market Value and if the determination of the same is to be made by "Appraisal," then the procedure shall be as follows: The party (the "First Party") who rejects (or does not timely accept) the other party's (the "Opining Party") stated opinion of the fair market value, shall, at the First Party's own cost and expense obtain and deliver within thirty days to the Opining Party an appraisal report (the "First Appraisal") stating the fair market value of the Premises prepared by Qualified

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Appraiser. A "Qualified Appraiser" means a competent, reputable appraiser with ten years experience appraising properties similar to the Premises in the Greater Boston Area. The Opining Party shall be deemed to have accepted the First Appraisal as the Fair Market Value unless the Opining Party by notice to the First Party within ten days rejects the First Appraisal, in which case, the Opining Party shall, at the Opining Party's sole cost and expense, obtain and deliver to the First Party within forty-five days after such rejection an appraisal report (the "Second Appraisal") stating the fair market value of the Premises prepared by a Qualified Appraiser. The First Party shall be deemed to have accepted the Second Appraisal as the Fair Market Value, unless within ten days after the Opining Party gives notice of such Second Appraisal (including in such notice a copy of the Second Appraisal report), the First Party by notice to the Opining Party rejects the Second Appraisal, in which event the two Qualified Appraisers shall select a third Qualified Appraiser who shall within forty-five days after the First Party's notice of rejection of the Second Appraisal, render an appraisal report (the "Third Appraisal") specifying the fair market value of the Premises, in which case the Fair Market Value of the Premises shall be deemed to be either (i) average of the closest two of the three appraisals, or (ii) the middle appraisal if the three appraisals are equidistant. If two qualified Appraisers cannot within ten days agree upon a third Qualified Appraiser, then either party may request the then President of the Greater Boston Real Estate Board (or the Board's successor if such board has ceased to exist) to select the third Qualified Appraiser. Each party shall bear the cost of the Qualified Appraiser selected by such party, and shall share equally the cost of the Third Appraisal.

(c) "Valid Offer" - an unsolicited, bona fide, written offer to purchase the Premises or the Steam Operation or both, made by a third party known by the Grantor and Harvard to have adequate financial strength and wherewithal (either alone or with committed lenders) sufficient to effectuate the purchase, a complete copy of which offer is delivered to Harvard within ten days after it is received by Grantor, together with a certificate of Grantor that neither Grantor, nor anyone acting by or on behalf of Grantor, solicited the offer.

(d) "Valid Value" - the present value of a Valid Offer using customary discount rates applicable to purchase terms such as those set forth in the Valid Offer.

(e) "Good Title" - means a good and clear record and marketable title to the Premises (or the Steam Operation, if only the Steam Operation is to be conveyed) free from all encumbrances, except (i) the easements, restrictions and other matters, if any, insofar as the same may then be in force and applicable or that are existing of record as of the date hereof, (ii) current taxes, if not then delinquent, (iii) provisions of the then existing and applicable zoning, building, environmental and other land use control laws, codes, rules, and regulations, and (iv) any liens for municipal betterments. For purposes of the prior sentence, the term "encumbrances" shall be deemed not to include takings for such things as street widenings, slope easements, or utility easements except that Harvard may decline to complete the purchase on account of such takings, in which case Grantor may thereafter Sell the Premises (or the Steam Operation, if that was the subject of the offer) free of any obligations hereunder.

(f) "Proper Condition" - the Premises will be in "Proper Condition" at the time for delivery of a deed to Harvard if the Premises are then (i) in the same condition as at the time of Harvard's acceptance of an offer to purchase the Premises, reasonable wear and tear

excepted, (ii) not in violation of then existing and applicable zoning, building, and other land use control laws, codes, rules, and regulations, (iii) not in violation of those environmental protection laws that are necessary to the efficient operation of the Steam Operation, and (iv) free of all tenants and occupants, except as Harvard and Grantor shall otherwise mutually agree.

(g) "Now" - means the date first above written.

(h) "Harvard" - means President and Fellows of Harvard College, a charitable and educational corporation existing under the laws and the Constitution of The Commonwealth of Massachusetts, and its successors and assigns, and without limitation, all rights, options, and other interests of Harvard under this Indenture, shall benefit and run to Harvard's successors and assigns, even though not specifically mentioned.

(i) "Grantor" - means Cambridge Electric Light Company, a Massachusetts corporation, its successors and assigns, and without limitation, all covenants and agreements of Grantor in this Indenture shall, bind all those included within the definition of Grantor even though not specifically mentioned, and all such covenants and agreements shall run with the land.

(j) "Premises" - means the land, buildings, and improvements, being a portion of Grantor's property known as the "Blackstone Steam Plant," located at the corner of Memorial Drive and Western Avenue, Cambridge, Massachusetts, said Premises being labeled "A", "B", "C", and "E" on Exhibit A attached hereto and incorporated herein and Appurtenances thereto (subject to paragraph 4), together with rights of access thereto necessary for delivery of fuel and the operation of the Steam Operation, and (to the extent that they are assignable to Harvard) all

rights, contracts, licenses, permits, permissions, easements, or other rights used in the Steam Operation and needed by Harvard to continue to conduct the Steam Operation.

(k) "Steam Operation" - means the operation of steam production at the Premises which are producing steam service for use by Harvard and for use by other users from time to time of said steam service, together with such inventory, plans, books, manuals, and the like, and such contract rights, leases, licenses, permits, easements, and other rights needed to conduct the Steam Operation. As of Now, the Steam Operation is that which is presently carried on by COM/Energy Steam Company at the Premises.

(l) "Sell" - includes without limitation any act that causes or would result in an alienation, conveyance, transfer, assignment, license, lease, sublease, grant of operating rights, in either case, whether directly, indirectly, or through the sale of all or substantially all of the stock of the corporation that operates the Steam Operation, or through the use or creation of a cooperative, condominium, or other method of joint ownership.

(m) "Grantor Affiliate" - means, any corporation, partnership, or other entity that is wholly-owned by the Grantor named in the Preamble, or by a legal entity that is wholly-owned by the legal entity that now owns said named Grantor.

(n) "Convey" (including "Conveyance" and "Conveyed" where the usage so requires) - means, the conveyance, transfer, assignment, license, lease, sublease, grant of operating rights, in either case, whether directly or indirectly, and is necessary and practical under the circumstances, taking into account the fact that the Steam Operation is a somewhat integral aspect of Grantor's total operations at Blackstone Street Station.

(o) "Entire Site" - the parcel of land now owned by Grantor and bounded by Western Avenue, Memorial Drive, Albro Street (which is a discontinued private way), and Blackstone Street, together with the buildings and improvements thereon, located in Cambridge, Massachusetts.

(p) A reference to a numbered or lettered paragraph or subparagraph is a reference to the corresponding paragraph or subparagraph of this Indenture; a reference to a paragraph, is a reference to all subparagraphs thereof.

2. HARVARD'S RIGHT OF FIRST OFFER. During the period identified in Section 2(g), Grantor will not Sell the Premises, or the Steam Operations, or both, and will not agree to Sell to any person other than a Grantor Affiliate, the Premises or the Steam Operation or both, without first offering in writing to Harvard to Convey the Premises (or the Steam Operation, or both, as the case may be) to Harvard in accordance with the following:

[In this paragraph 2, a reference to "the Premises" in connection to the right of first offer with respect to the Premises, shall, in the case where Grantor desires to Sell the Steam Operation exclusive of the Premises, be deemed to be a reference instead to "the Steam Operation," and shall, in the case where Grantor desires to Sell the Premises together with the Steam Operation, be deemed to be a reference instead to "the Premises together with the Steam Operation."]

(a) Grantor's offer shall state Grantor's opinion as to the fair market value of the Premises as of the date of the offer, and, if accepted by Harvard by notice to Grantor, shall bind Grantor and Harvard, and shall be the Fair Market Value:

(b) After Harvard receives Grantor's offer, Harvard shall have sixty days in which either (i) to accept the offer at the purchase price stipulated in subparagraph 2(a), using Grantor's opinion under subparagraph 2(a) as determinative or (ii) to request an Appraisal by

giving notice of such request to Grantor together with Harvard's opinion of the fair market value of the Premises.

(c) If Harvard requests an Appraisal under subparagraph 2(b), Harvard shall have sixty days from the determination of the Fair Market Value, in which to accept Grantor's offer, by giving notice of such acceptance to Grantor.

(d) If Harvard accepts Grantor's offer under either subparagraph 2(b) or 2(c), the Premises shall be Conveyed at 11:00 A.M. at the Office of the General Counsel, Holyoke Center, Suite 980, 1350 Massachusetts Avenue, Cambridge, Massachusetts (the "Place of Closing"), upon the later of (i) ninety days after Harvard's acceptance of such offer (or if the ninetieth day falls on a Saturday, Sunday, or holiday, on the next business day thereafter) or (ii) twenty-one business days after Harvard gives notice ("Title Notice") to Grantor that Harvard has determined that Grantor is able to convey Good Title, provided the Title Notice is given within said ninety-day period. Harvard will complete its examination of title and give the Title Notice within a reasonable time. As used in this Indenture, the term "Closing Time" means the time and date for conveyance determined under the immediately preceding sentence. Grantor's Conveyance shall be effected by a good and sufficient deed with Quitclaim Covenants running to Harvard, or its nominee, conveying Good Title. (In the case of a Conveyance involving the Steam Operation either with or exclusive of the Premises, Grantor shall deliver to Harvard the assignments, warranty bills of sale transferring to Harvard the personalty, fixtures, and, equipment and other documents transferring to Harvard, the extent the same can be transferred in the case of governmentally-issued permits and licenses, the rights needed for the Steam Operation.) The Premises shall at the Closing Time be in Proper Condition. Harvard shall pay

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the Fair Market Value (subject to adjustments herein described) to Grantor at the Closing by wire transfer of good funds or by certified check or other immediately available funds. Current taxes, rentals (if applicable), fuel inventory, operating expenses (if any), and water and sewer use charges shall be adjusted as of the Closing Time. Betterment assessments assessed prior to the date Harvard accepts Grantor's offer shall be paid in full by Grantor prior to or at the Closing Time. Subject to paragraph 2(g), Harvard's acceptance of a deed shall be deemed full performance by Grantor of Grantor's agreements herein with respect to the item(s) purchased.

(e) Notwithstanding any other provision of this Indenture, if Grantor is unable to Convey Good Title, or if the Premises are not in Proper Condition, in either case by six months from the date of which Harvard accepts Grantor's offer or sixty days from the date Harvard notifies Grantor of any defects in the title or condition, Harvard shall have the right to accept such title as Grantor can give to the Premises, in their then condition at the time in question, and the full purchase price payable by Harvard shall be so paid, but if Harvard elects not to accept such title, then the obligations of the parties under this Indenture shall cease as to the Premises (or the Steam Operation, as the case may be) that was the subject of the offer, without recourse by or to the parties hereto.

(f) If Harvard fails, within the prescribed time, to accept Grantor's offer to Convey, or if, having accepted Grantor's offer, Harvard fails to complete the purchase (and the reasons for such failure are due to Harvard's failure or inability to perform), then, except as otherwise provided, Grantor may Sell the Premises (or the Steam Operation if it was the subject of the offer) free from any obligation under this Indenture, and Harvard shall reimburse Grantor for

all appraisal, legal, and other documented expenses that are paid by Grantor in connection with Grantor's performance of Grantor's obligations hereunder.

(g) The right of first offer herein given to and held by Harvard shall continue for sixty years (or the longest period permitted by law), but shall expire in any event twenty-one years following the death of the last survivor among the following named persons: Richard J. Morrison and the children of Richard J. Morrison, namely, Joseph R. Morrison and Juliana Morrison; and Robert E. McGaw, the children of Robert E. McGaw, namely, Bridger E. McGaw and Kaitlin S. McGaw. Harvard's purchase of (or failure to purchase) the Premises without the Steam Operation shall not exhaust Harvard's right of first offer described in this Indenture with regard to the Steam Operation, and this Indenture shall continue to apply to the Steam Operation. Similarly, Harvard's purchase of (or failure to purchase) the Steam Operation shall not exhaust Harvard's right of first offer described in this Indenture with regard to the Premises, and this Indenture shall continue to apply to the Premises.

(h) The right of first offer herein given to and held by Harvard, shall not be assignable (except to a corporation affiliated with Harvard) and shall be deemed not a right "in gross," but shall be deemed to be appurtenant to and burden the Premises for the period referred to in subparagraph 2(g). Neither this Indenture nor a notice thereof shall be recorded. Each party will cause its copies of this Indenture to be filed with its important papers relating to the Steam Operation, and Grantor will place a copy with the Grantor's deed file relating to the Premises. Each party shall within twenty days after the other party's request therefor, provide a certificate duly executed by an authorized officer of the party, stating that this Indenture continues in full

force and effect, and that it continues to be enforceable against such party in accordance with the tenor and provisions of this Indenture.

(i) Harvard and Grantor each warrant to the other that they have not used and will not use the services or facilities of any broker, salesperson, agent, or finder (collectively, "Broker") in connection with this Indenture and the transaction contemplated by this Indenture. Harvard and Grantor will indemnify and save harmless the other from any claims for any brokerage commission or fee that is asserted against the indemnified party by any Broker claiming to be entitled to a commission or fee resulting from such Broker's representation of or providing services to the indemnifying party. The provisions of this subparagraph 2(i) shall survive delivery of the Title Deed. The fact that a Qualified Appraiser is also a Broker, shall not disqualify such person as a Qualified Appraiser, but such person shall be entitled to be paid only for services rendered with respect to the appraisal.

(j) The provisions of this Indenture do not apply if Grantor desires to Sell the Entire Site.

3. NOTICES AND OTHER LOCATIONS. Any notice or other communication from one party to the other shall be in writing and signed by the party or the party's attorney and shall be deemed duly given (a) when delivered, if delivered in hand, or (b) when mailed, if mailed by certified or registered mail, postage prepaid, return receipt requested, if to Grantor, at 1 Main Street, Post Office Box 9150, Cambridge, MA 02142-9150, Attention: General Attorney, and if to Harvard, Holyoke Center, Suite 1350, Massachusetts Avenue, Cambridge, Massachusetts 02138-3826. Any notice to Harvard shall not be complete unless a true copy thereof is also given by hand delivery or by mail, as above specified, to Harvard's attorney, namely, Office of the General Counsel, Harvard University, Holyoke Center, Suite 980, 1350

Massachusetts Avenue, Cambridge, Massachusetts 02138-3834. Notice may also be given by a sheriff or constable following methods then permitted under Massachusetts Rules of Civil Procedure (or Massachusetts rules of similar import). Either party may, by prior written notice to the other party given as aforesaid, change the address to which notices or other communications are to be sent hereunder.

4. RELOCATION OF APPURTENANCES. If Harvard elects to accept Grantor's offer to Convey the Premises, or the Steam Operation, or both, as the case may be, and if Grantor desires that some or all of the ancillary appurtenances thereto needed for the Steam Operation, such as fuel tanks, switch gear, and conduits, that are not located on or within the Premises (collectively, "Appurtenances"), be relocated on or nearer to the Premises so as to relieve or minimize Grantor's remaining property from the burden of such Appurtenances, then at Grantor's sole election, Harvard will either promptly relocate such Appurtenances to mutually acceptable locations near the Premises that are designed to relieve or minimize said burden, or promptly reimburse Grantor for Grantor's documented expenses incurred in performing such relocations; provided that Harvard may elect to abandon any of said Appurtenances, in which case said Appurtenance shall not be conveyed to Harvard.

5. STEAM COMPANY BOUND. COM/Energy Steam Company, a Massachusetts corporation, joins herein solely for the purpose of binding itself, and its successors and assigns, to transfer and deliver to Harvard such of its equipment, inventory, plans, books, manuals, rights, licenses, permits, etc., if any exist and as may be necessary to effectuate the transaction contemplated by this Indenture, namely to facilitate Harvard's ability to carry on the Steam Operation, in the event that the Steam Operation is Conveyed to Harvard.

WITNESS the execution hereof in several counterparts each to be deemed an original and all to be deemed to constitute one and the same agreement, to take effect as an instrument under SEAL, as of the day and year first above written.

PRESIDENT AND FELLOWS OF
HARVARD COLLEGE

By: [Signature]

By: [Signature]

[Signature]
Witness

CAMBRIDGE ELECTRIC LIGHT
COMPANY

By: [Signature]

Its: PRESIDENT

[Signature]
Witness

COM/ENERGY
STEAM COMPANY

By: [Signature]

Its: PRESIDENT

[Signature]
Witness

[Signature]
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THE COMMONWEALTH OF MASSACHUSETTS

Middlesex County, ss.

Date: February 5, 1993

Then personally appeared the above-named Thomas E. Vorta, being the Director of Facilities Management of President and Fellows of Harvard College, and acknowledged the foregoing to be the free act and deed of said President and Fellows of Harvard College, before me


Notary Public

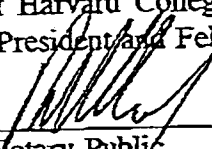
My commission expires: Feb 7, 1997

THE COMMONWEALTH OF MASSACHUSETTS

Middlesex County, ss.

Date: Feb 5, 1993

Then personally appeared the above-named Harold A. Hawkes being the authorized signatory of President and Fellows of Harvard College, and acknowledged the foregoing instrument to be the free act and deed of President and Fellows of Harvard College, before me,


Notary Public

My commission expires: Feb 7, 1997

THE COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

Date: February 5, 1993

Then personally appeared the above-named Harold N. Scherer, Jr. and acknowledged the foregoing instrument to be the free act and deed of Cambridge Electric Light Company, before me,


Notary Public

My commission expires: 1/21/1994

THE COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

Date: February 5, 1993

Then personally appeared the above-named Harold N. Scherer, Jr. and acknowledged the foregoing instrument to be the free act and deed of COM/Energy Steam Company, before me,


Notary Public

My commission expires: 1/21/1994



LEGEND

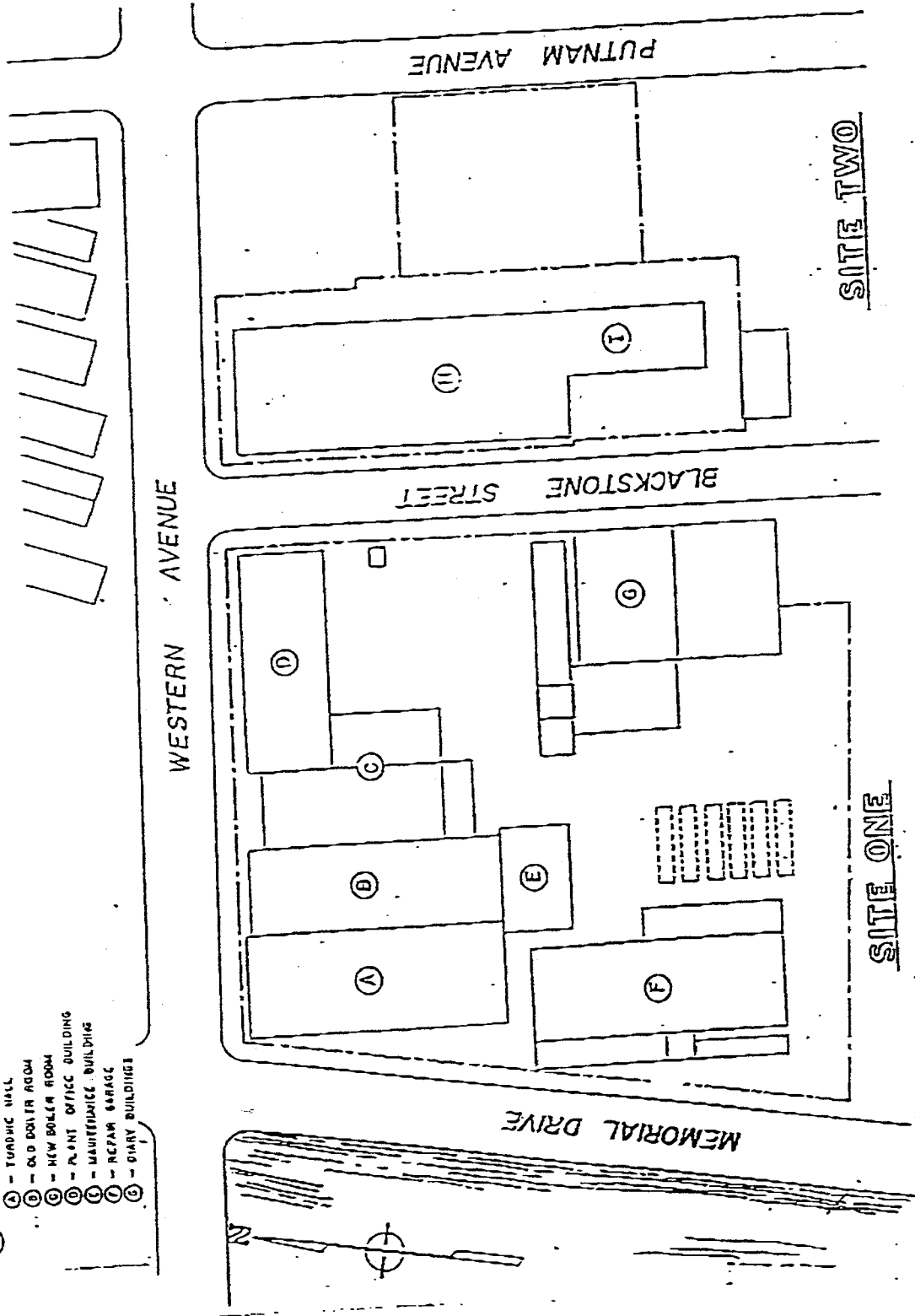
① SITE ONE - BLACKSTONE PLANT

- ① - TUNING HALL
- ② - OLD DRYER ROOM
- ③ - NEW BOILER ROOM
- ④ - PLANT OFFICE BUILDING
- ⑤ - MAINTENANCE BUILDING
- ⑥ - REPAIR GARAGE
- ⑦ - CHRY BUILDINGS

② SITE TWO - BLACKSTONE SWITCH HOUSE

- ⑧ - ORIGINAL SWITCH BUILDING
- ⑨ - ADDITION

EXHIBIT A TO RIGHT OF FIRST OFFER



SITE PLA

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PURCHASE AND SALE AGREEMENT

BETWEEN

PRESIDENT AND FELLOWS OF HARVARD COLLEGE

AND

CAMBRIDGE ELECTRIC LIGHT COMPANY

August 1, 2002

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EXHIBITS

- A T&D Assets
- B Due Diligence Protocol
- C Form of Deed
- D Form of Bill of Sale
- E Form of Assignment of Leases, Licenses and Permits and Assumption Agreement
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SCHEDULES

Schedule 1	Real Property
Schedule 2	Personal Property
Schedule 3	Leases
Schedule 4	Permits
Schedule 5	Contracts
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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into as of August 1, 2002, by and between PRESIDENT AND FELLOWS OF HARVARD COLLEGE, a charitable and educational corporation established under Harvard Charter 1650 from the General Courts of the Massachusetts Bay Colony, and ratified by the Constitution of Massachusetts in 1780 ("Harvard"), and CAMBRIDGE ELECTRIC LIGHT COMPANY, a Massachusetts corporation ("Seller"). Harvard and Seller are each referred to herein as a "Party" or, together, as the "Parties."

On this date, Harvard and NSTAR Steam Corporation ("NSTAR Steam") have entered into a Purchase and Sale Agreement whereby NSTAR Steam agrees to sell to Harvard certain assets used to distribute steam from Blackstone Station (the "Steam Asset Purchase Agreement"). This Agreement contemplates a transaction whereby Harvard will purchase certain real and personal property of the Seller, Cambridge Electric Light Company, that is utilized for the production of steam at Blackstone Station. It is the intent of Harvard and Seller under this Agreement (and the intent of Harvard and NSTAR Steam under the Steam Asset Purchase Agreement) that all of the assets of Seller and NSTAR Steam used in the production and distribution of steam at and from Blackstone Station be transferred to Harvard under the Steam Asset Purchase Agreement and this Agreement. It is also the intent of the parties to the respective agreements that both agreements be consummated contemporaneously, and each is therefore conditioned on the consummation of the other.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, covenants and obligations herein contained, the Parties agree as follows:

1) Purchase and Sale of Assets.

a) Acquired Assets. Seller agrees to sell, assign, convey, deliver and transfer to Harvard, and Harvard agrees to purchase from Seller at the Closing, subject to and upon the terms and conditions contained herein, free and clear of any Lien, the following properties and assets (collectively, the "Acquired Assets"):

- i) The real property described in Schedule 1, together with all easements and other appurtenant rights of Seller therein, including without limitation tunnel structures in and under Blackstone Street, and the Improvements (collectively, the "Real Property"). The term Real Property does not include the Excluded Assets;
- ii) All Inventory, machinery, materials, fixtures, furniture, furnishings, equipment, tools, spare parts, consumables, and other tangible personal property located on the Real Property or used in connection therewith including, without limitation, all turbines, engines, transformers, facilities, pipelines, wires and conduits (A) used to produce, manufacture, operate, or otherwise generate electricity (the "Electric Generating Facility"); or

- (B) used to produce, manufacture, operate, or otherwise generate steam (the "Steam Generating Facility"); or (C) used to do both including without limitation those described in Schedule 2 (collectively, the "Generating Facility");
- iii) All rights with respect to leasehold interests and rights thereunder relating to the Real Property and/or the Generating Facility, to the fullest extent assignable under applicable law, if and only if the leases are set forth on Schedule 3 (the "Leases"), unless such Leases are terminable by Seller without penalty, and Harvard elects to have Seller terminate such Lease(s) prior to Closing pursuant to the provisions of Section 2(c) of this Agreement;
 - iv) All certificates, licenses, grants of location, permits, approvals, consents, orders, exemptions, decisions and other actions of a Governmental Authority relating to the Site to the fullest extent assignable under applicable law or that will pass to Harvard as successor in title to the Site by operation of law, including without limitation those set forth on Schedule 4 (the "Permits");
 - v) All rights of Seller under the contracts, agreements, and personal property leases relating to the operation of the Generating Facility, if and only if listed in Schedule 5 (the "Contracts"), unless such Contracts are terminable without penalty and Harvard elects to have Seller terminate such Contracts prior to the Closing pursuant to the provisions of Section 2(c) of this Agreement; provided that the Seller shall retain the right to be indemnified under any such Contracts for pre-Closing occurrences for which it remains liable and for which Seller indemnifies Harvard hereunder;
 - vi) All books, records, including but not limited to fuel purchase and use records, engineering designs, blueprints, as-built plans, specifications, procedures, studies, reports and equipment repair, safety, maintenance or service records of Seller relating to the design, construction, licensing, maintenance or operation of the Generating Facility, including, but not limited to, Proprietary Information pertaining to the Acquired Assets, but expressly excluding Seller's financial records and books of account; and
 - vii) All rights of Seller, if any, to the name "Blackstone Station".
- b) Excluded Assets. There shall be excluded from the Acquired Assets (described in Section 1(a)) to be sold, assigned, transferred, conveyed, or delivered to Harvard hereunder, and to the extent in existence on the Effective Date or on the Closing Date, there shall be retained by Seller, any and all right, title, or interest to the following assets, properties, and rights (collectively, the "Excluded Assets"):

- i) The T&D Assets, as described in Exhibit A;
 - ii) The Retained Easements;
 - ii) All Cash, accounts, and notes receivable, checkbooks and canceled checks, bank deposits and property or income tax receivables (except for property tax abatements to be apportioned pursuant to Section 5(c));
 - iii) All rights of Seller in and to any causes of action relating to any period through the Closing Date, including without limitation any refunds relating to Chapter 59 Taxes paid by Seller for any period prior to the Closing Date (except for property tax abatements to be apportioned pursuant to Section 5(c)), insurance proceeds and condemnation awards for casualties or condemnations that occurred prior to the Effective Date (except to the extent otherwise provided in this Agreement); and
 - iv) All rights of Seller to the name "Cambridge Steam Corporation" "Cambridge Electric Light Company," "COM/Energy Steam Company", "NSTAR Steam Corporation" and any Trademark that is comprised of or comprises any derivative thereof.
- c) Assumed Liabilities. From and after the Closing, except as set forth in Section 1(d), Harvard will assume, satisfy or perform, on the terms and subject to the conditions set forth herein, all of the following Liabilities of Seller (the "Assumed Liabilities"):
- i) Liabilities for all Environmental Conditions, any Environmental Claims arising or accruing from and after the Closing and resulting from such Environmental Conditions, and any Remediation arising from such Environmental Conditions or Environmental Claims;
 - ii) Liabilities arising or accruing from and after the Closing under (A) the Leases, Permits and Contracts, provided such Lease(s), Permit(s) and Contract(s) are listed on Schedule 3, 4 and 5, respectively, and provided further such Lease(s), Permit(s) and Contract(s) have been assigned to and accepted by Harvard, and (B) the other contracts, leases, and agreements entered into by Seller with respect to the Acquired Assets during the Interim Period; however, with respect to both (A) and (B), Seller retains Liability for a breach or default or violation by Seller on or prior to the Closing Date, and Seller retains Liability for Claims to the extent the same arise out of any such breach or default or violation thereof;
 - iii) Liabilities under the Permitted Encumbrances arising or accruing from and after the Closing; and
 - iv) Liabilities expressly allocated to Harvard in this Agreement or in any of

the Related Agreements, including, without limitation, Liabilities for Taxes allocated to Harvard pursuant to Section 5.

The provisions of this Section 1(c) shall survive the Closing.

- d) Excluded Liabilities. Notwithstanding any provision hereof to the contrary, Harvard shall not assume, pay or perform any Liabilities of Seller that are not expressly identified as an "Assumed Liability," including, but not limited to, the following (the "Excluded Liabilities"):
- i) Liabilities arising out of the Excluded Assets, or any other assets of Seller that are not Acquired Assets, including, but not limited to, Liabilities for Environmental Conditions and Environmental Claims arising exclusively from the Excluded Assets, and for any Remediation arising from such Environmental Conditions or Environmental Claims;
 - ii) Liabilities arising out of the transportation of Hazardous Materials from the Site to an Offsite Hazardous Material Facility, provided the transportation occurred on or prior to the Closing Date;
 - iii) Liabilities of Seller arising from the making or performance of this Agreement or a Related Agreement or the transactions contemplated hereby or thereby;
 - iv) Liabilities in respect of Taxes attributable to the Acquired Assets or to the sale of the Acquired Assets for taxable periods ending on or before the Closing Date, except those Taxes expressly allocated to Harvard pursuant to Section 5(c);
 - v) Liabilities arising from Seller's breach on or prior to the Closing Date of any contract, lease, permit or other instrument relating to the Acquired Assets including, but not limited to, the Contracts, Leases and Permits relating to or included within the Acquired Assets;
 - vi) Liabilities for personal injury claims arising out of Environmental Conditions, provided the Claim is based upon events or conditions occurring before the Closing Date;
 - vii) Liabilities or obligations of Seller associated with the use or operation of the Acquired Assets or the business conducted with the Acquired Assets on or prior to the Closing, except for the Liabilities assumed by Harvard under subsection (c)(i) above; and
 - viii) Liabilities under or arising from all agreements of Seller with respect to

employment matters, including, but not limited to, collective bargaining and labor agreements, and Liabilities arising as a result of the transactions contemplated by this Agreement under the Laws of any Governmental Authority with respect to employment matters, including, but not limited to, collective bargaining agreements.

The provisions of this Section 1(d) shall survive the Closing.

2) Inspection Contingency.

- a) Due Diligence. During the Inspection Period (as defined in Section 2(b) below), Harvard, its agents and representatives shall be entitled to enter upon the Site to perform such inspections and tests of the Site, including without limitation surveys, title examinations, engineering, environmental or geotechnical studies, as Harvard may elect to perform, and to examine the books and records, Contracts, Leases and Permits of Seller relating to the Acquired Assets. All such testing shall be conducted in accordance with the Due Diligence Protocol attached hereto as Exhibit B. Harvard is responsible for securing any permits, licenses or approvals required by any Governmental Authority for the performance of its due diligence activities. Before entering upon the Site, Harvard shall furnish to Seller evidence of general comprehensive and contractual liability insurance coverage, on a claims made basis, of at least \$1,000,000 and insuring against such risks as Seller may reasonably require. Such insurance shall designate Seller as an additional insured for the negligent acts or omissions of Harvard, its agents and representatives. Harvard may self insure for all or any part of such insurance. If Harvard wishes to engage in any testing which will damage or disturb any portion of the Site, Harvard shall obtain Seller's prior written consent thereto, which shall not be unreasonably withheld, but may be reasonably conditioned as Seller may deem appropriate. It shall be Harvard's obligation to repair, at Harvard's sole cost and expense, any damage to the Site caused by any such tests or investigations (the "Repairs") and shall indemnify and defend Seller from any and all loss, cost, liabilities, claims, and expenses whatsoever (including reasonable attorneys' fees of counsel selected by Seller) arising out of any damage to persons or property occurring in or about the Site caused by the actions of Harvard during the Inspection Period. The foregoing indemnification shall survive Closing or the earlier termination of this Agreement.
- b) Inspection Period. The term "Inspection Period," as used herein, shall mean the period of ninety (90) days from the execution hereof, ending at 5:00 p.m. Eastern Time on October 30, 2002. Harvard may, in its sole discretion, terminate this Agreement by giving written notice of such election to Seller before the end of the Inspection Period, in which event the Deposit shall be returned forthwith to Harvard and neither party shall thereafter have any further liability or obligation to the other by reason of this Agreement. In the absence of such written notice timely delivered, this Agreement shall continue in full force and effect and the Deposit shall be non-refundable from and after the termination of the Inspection

Period. If Harvard terminates this Agreement under this provision, it shall be deemed to constitute a full and final waiver and release by Harvard of any preemptive right in the nature of an option, right of first offer or right of first refusal, with respect to the Acquired Assets, or any portion thereof, and arising under any agreement or instrument between Harvard and Seller.

- c) Termination of Leases and Contracts. During the Inspection Period, Harvard shall have the right to review all Leases and Contracts. In the event that any of the Leases or Contracts are terminable without penalty upon notice by Seller to the respective tenant, or in the case of a Contract, the other party(ies) to said Contract, and in the event that Harvard wishes to have Seller terminate said Lease and/or Contract, then Harvard shall give written notice to Seller on or before the end of the Inspection period requesting that Seller terminate said Lease and/or Contract. Upon receipt of said notice from Harvard, Seller shall use all Commercially Reasonable Efforts necessary to terminate the Lease and/or Contract by the Closing Date.

3) Purchase Price.

- a) Purchase Price. Harvard agrees to pay to Seller at the Closing the sum of Fourteen Million Six Hundred Thousand Dollars \$14,600,000.00 (the "Purchase Price"). The amount of the proceeds to be delivered at the Closing shall be adjusted to account for adjustments and pro-rations pursuant to this Section and shall be payable in cash by wire transfer of immediately available funds to Seller in accordance with written instructions of Seller given to Harvard at least three (3) Business Days prior to the Closing.
- b) Adjustment to Purchase Price. The proceeds to be paid at the Closing shall be increased by the net book value of all fuel held by Seller at the Generating Facility as of the Closing.
- c) Allocation of Purchase Price. Harvard and Seller shall use their good faith best efforts to agree upon the allocation of the purchase price among the Acquired Assets consistent with Section 1060 of the Code and the Treasury regulations thereunder. Harvard and Seller, as required, agree to file IRS Form 8594 and all tax returns in accordance with such agreed allocation.

4) Deposit.

- a) Cash Deposit. Within seven business days following the execution of this Agreement, Harvard shall deliver to Seller, in immediately available funds, a cash deposit in the amount of \$1,460,000.00 (the "Cash Deposit"). The Cash Deposit shall be held by Seller in escrow in an interest-bearing account, or in the form of interest bearing obligations of the US Treasury, accounted for at Closing, and applied to the Purchase Price or delivered upon earlier termination of this Agreement, in accordance with the provisions of this Agreement.

- b) Interest. The interest payable on the Cash Deposit shall be paid to the party entitled to the Cash Deposit under the provisions of this Agreement, but such interest shall have no effect on the Purchase Price.
 - c) Letter of Credit. In lieu of the Cash Deposit, Harvard may, at its option, deliver to Seller a clean, irrevocable, unconditional stand-by letter of credit in form and substance reasonably acceptable to Seller and in the amount equal to the Cash Deposit due hereunder (the "Letter of Credit," together with the Cash Deposit referred to as the "Deposit"). The Letter of Credit (and any replacement thereto) shall be drawn on a financial institution reasonably acceptable to Seller, which approval shall not be unreasonably withheld or delayed. If the financial institution on which the original Letter of Credit or any replacement Letter of Credit is drawn is declared insolvent, or placed into receivership, Harvard shall, within ten days thereafter, replace the then-outstanding Letter of Credit with a letter of credit in form and substance and drawn upon another financial institution reasonably acceptable to Seller. Harvard's obligation to provide the Letter of Credit shall terminate as of the Closing or earlier termination of this Agreement in accordance with the terms hereof.
 - d) Refundability of Deposit. In the event Harvard terminates this Agreement pursuant to any provision allowing Harvard the election to terminate, then the Cash Deposit shall be fully refunded (or in the case of the Letter of Credit returned), to Harvard. In the event Harvard does not terminate this Agreement pursuant to any such provision, then, except in the event of a Seller default that is not timely cured, the full Deposit shall become the property of Seller, or if Harvard has provided a Letter of Credit, the full Purchase Price shall be paid at Closing and the Letter of Credit shall be returned to Harvard.
- 5) Proration.
- a) Items Prorated. Harvard and Seller agree that all of the items normally prorated, including those listed below, relating to the business and operations of the Acquired Assets will be prorated as of the Closing Date, with Seller liable to the extent such items relate to any period through and including the Closing Date, and Harvard liable to the extent such items relate to periods after the Closing Date: (A) Real Property Taxes, personal property taxes, assessments and other charges of the type that could give rise to a Permitted Encumbrance, if any, on or associated with the Acquired Assets; (B) rent and other items payable by or to Seller under any of the Contracts, or Leases assigned to and assumed by Harvard hereunder; (C) any fees with respect to any Permit assigned to Harvard associated with the Site; (D) sewer rents and charges for water, gas, electricity and other utilities; and (E) any fees or charges imposed by any Governmental Authority.
 - b) Estimated Closing Statement. Within ninety (90) days following the Effective Date, Seller shall prepare and deliver to Harvard an Estimated Closing Statement

(the "Estimated Closing Statement") that shall set forth Seller's best estimate of all adjustments and pro-rations under this Agreement. Within ten (10) Business Days following the delivery of the Estimated Closing Statement by Seller to Harvard, Harvard may object in good faith to any item in writing. If Harvard objects to the Estimated Closing Statement, the Parties shall attempt to resolve such dispute by negotiation. If the Parties are unable to resolve such dispute prior to the Closing Date (or if Harvard fails to object to the Estimated Closing Statement), the Purchase Price shall be adjusted (the "Closing Adjustment") for the Closing by the amounts shown on the Estimated Closing Statement not in dispute, and the Parties shall resolve any disputed items following the Closing by mediation, arbitration or other appropriate means.

- c) Proration of Real Estate and Personal Property Taxes. In connection with the prorations referred to in this Section, if the actual figures are not available at the Closing Date, the proration shall be based upon the actual Taxes or charges for the preceding year (or appropriate period) for which actual Taxes or charges are available and such Taxes or charges shall be re-prorated upon request of either Seller, on the one hand, or Harvard, on the other hand, made within sixty (60) days of the date the actual amounts become available. If the Taxes which are apportioned are thereafter reduced by abatement, the amount of such abatement, less the reasonable cost of obtaining the same, shall be apportioned between the Parties; provided that neither party shall be obligated to institute or prosecute an abatement unless otherwise agreed in writing. Seller and Harvard agree to furnish each other with such documents and other records that may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section.

6) The Closing.

- a) Time and Place. Unless otherwise agreed to by the Parties, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Rubin and Rudman LLP, 50 Rowes Wharf, Boston, Massachusetts, commencing at 9:00 a.m. Eastern Time on the date that is fifteen (15) days (or, if the fifteenth day is not a Business Day, then the next Business Day following such fifteenth day) following the date on which all of the conditions precedent to Closing set forth in Sections 12 and 13 have either been satisfied or waived by the Party for whose benefit such condition exists. If the Closing has not occurred by June 30, 2003, for reasons other than any action or omission constituting a breach of this Agreement by the Party seeking termination that is not timely cured, either Party, at its election, may terminate this Agreement and (assuming no uncured breach by Harvard) all amounts paid or deposited by Harvard under this Agreement shall be returned to Harvard, and the Parties shall thereafter have no further obligation to, or recourse against, each other by reason of this Agreement.
- b) Effective Time. The date of Closing is hereinafter called the "Closing Date." The Closing shall be effective for all purposes herein as of 11:59 p.m. Eastern Time on

the Closing Date.

- 7) Deliveries by Seller at the Closing. At the Closing, Seller shall deliver the following to Harvard, duly executed and properly acknowledged, if appropriate:
- a) the Deed for the Real Property and Improvements (including those portions of the Generating Facility constituting real property or fixtures), substantially in the form attached hereto as Exhibit C, reserving the Retained Easements for the benefit of Seller;
 - b) the Bill of Sale, substantially in the form attached hereto as Exhibit D, for the tangible personal property included in the Acquired Assets;
 - c) the Assignment and Assumption Agreement, substantially in the form attached hereto as Exhibit E, in recordable form if necessary;
 - d) a FIRPTA Affidavit by Seller;
 - e) copies of all consents, waivers or approvals required of Seller pursuant to this Agreement with respect to the Acquired Assets, the transfer of the Permits (or the execution by Seller of those documents necessary for Harvard to apply for Permits that are not transferable) or the consummation of the transactions contemplated by this Agreement and the Related Agreements, to the extent specifically required under this Agreement or the Related Agreements;
 - f) a certificate from an authorized officer of Seller, dated the Closing Date, to the effect that, to such officer's Knowledge, the conditions set forth in Section 13 have been satisfied;
 - g) a copy, certified by the Clerk of Seller, of corporate resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and instruments attached as exhibits hereto and thereto, and the consummation of the transactions contemplated hereby and thereby;
 - h) a certificate of the Clerk of Seller which shall identify by name and title and bear the signature of the officers of Seller authorized to execute and deliver this Agreement and the Related Agreements and instruments attached as exhibits hereto and thereto;
 - i) an opinion or opinions from one or more counsel to Seller (who shall be reasonably satisfactory to Harvard and any of whom may be an employee of Seller), dated the Closing Date and reasonably satisfactory in form to Harvard and its counsel;
 - j) such other documents or instruments of sale, transfer, conveyance, assignment or assumption as Harvard and its counsel may reasonably request and Seller may

agree to deliver in connection with the sale of the Acquired Assets and the performance of this Agreement; provided however, that this subsection shall not require Seller to prepare or obtain any surveys or plans (other than plans necessary to reserve the Retained Easements) or title insurance policies relating to the Real Property. Seller shall execute and deliver at Closing customary closing affidavits with respect to mechanic's liens and parties in possession and shall satisfy the following conditions enumerated in Schedule B, Section 1 of the Title Commitment: 4(a), 6, 9, 10, 11 and 12;

- k) waiver of corporate tax lien pursuant to M.G.L. c. 62C §31 unless Seller represents in the Deed that the transfer described herein is not a transfer of all or substantially all of the assets of Seller and Harvard's title insurer agrees to take no exception for such matter; and
 - l) a certificate stating that the representations and warranties set forth in Section 9 are true, correct and complete in all material respects as though made at and as of the Closing Date.
- 8) Deliveries by Harvard at the Closing. At the Closing, Harvard shall deliver to Seller, properly executed and acknowledged, if appropriate:
- a) the Purchase Price;
 - b) the Assignment and Assumption Agreement, substantially in the form attached hereto as Exhibit E, and if necessary or desirable to Seller, in recordable form;
 - c) a certificate from an authorized officer of Harvard, dated the Closing Date, to the effect that, to such officer's Knowledge, the conditions set forth in Section 12 have been satisfied;
 - d) a certificate of the Secretary of Harvard that shall identify by name and title and bear the signature of the officers of Harvard authorized to execute and deliver the Agreement and the Related Agreements and instruments attached as exhibits hereto and thereto;
 - e) an opinion or opinions from one or more counsel to Harvard (who shall be reasonably satisfactory to Seller and any of whom may be an employee of Harvard), dated the Closing Date and reasonably satisfactory in form to Seller and its counsel;
 - f) such other documents or instruments of sale, transfer, conveyance, assignment or assumption as Seller and its counsel may reasonably request and Harvard may agree to deliver in connection with the sale of the Acquired Assets, the assumption of the Assumed Liabilities and the performance of this Agreement; and

- g) a certificate stating that the representations and warranties set forth in Section 10 are true, correct and complete in all material respects as though made at and as of the Closing Date
- 9) Representations, Warranties and Disclaimers of Seller. Seller represents and warrants to Harvard that, to Seller's Knowledge, the statements contained in this Section 9 are true, correct and complete as of the Effective Date:
- a) Organization of Seller. Seller is duly organized, validly existing and in good standing under the laws of The Commonwealth of Massachusetts.
 - b) Authorization of Transaction. Seller has full corporate power and authority to execute and deliver this Agreement and the Related Agreements and, subject to receipt of all Seller's Regulatory Approvals, to perform its obligations hereunder and thereunder. All corporate actions or proceedings to be taken by or on the part of Seller to authorize and permit the due execution and valid delivery by Seller of this Agreement and the Related Agreements and the instruments required to be duly executed and validly delivered by Seller pursuant hereto and thereto, the performance by Seller of its obligations hereunder and thereunder, and the consummation by Seller of the transactions contemplated herein and therein, have been duly and properly taken. This Agreement has been duly executed and validly delivered by Seller and constitutes the valid and legally binding obligation of Seller, enforceable in accordance with its terms and conditions, and when each Related Agreement has been executed and delivered, such Related Agreement will likewise constitute a valid and legally binding obligation of Seller, enforceable in accordance with its terms.
 - c) Noncontravention. Subject to Seller obtaining Seller's Regulatory Approval, neither the execution and the delivery of this Agreement or any of the Related Agreements, nor the consummation of the transactions contemplated hereby and thereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, license or other restriction of any Governmental Authority to which Seller or any of its property is subject or any provision of the articles of organization or by-laws of Seller, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Seller is bound or to which any of the Acquired Assets is subject (or result in the imposition of any Lien upon any of the Acquired Assets), except for matters that, in the aggregate, will not have a Material Adverse Effect or that are disclosed in Schedule 6 or any other Schedule.
 - d) Brokers' Fees. Seller has no Liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Harvard could become liable or obligated.

- e) Title to Acquired Assets. Except for Permitted Encumbrances, Seller holds good and marketable title to the Real Property to the extent, and only to the extent, specified in the title policy commitment attached hereto as Schedule 7 (the "Title Commitment"). Except as set forth in the Title Commitment and except for Permitted Encumbrances, Seller has good title to or a valid leasehold interest in the other Acquired Assets.
- f) Taxes. Seller has filed all Tax Returns that it was required to file, and has paid all Taxes that have become due as indicated thereon, except where Seller is contesting the same in good faith by appropriate proceeding, where the failure so to file or pay could have a Material Adverse Effect. There is no unpaid Tax due and payable that could have a Material Adverse Effect on Harvard's ownership, operation or use of the Acquired Assets after the Closing for which Harvard could become liable.
- g) Permits. Seller has all Permits required for the use and operation of the Real Property and the Steam Generating Facility, all such Permits are in full force and effect, and no proceedings for the suspension or cancellation of any of such Permits are pending or threatened, except for matters that, in the aggregate, will not have a Material Adverse Effect.
- h) Contracts and Leases. Except for the Contracts and Leases listed in Schedule 8, Seller is not a party to any written contract, purchase order, agreement, personal property lease, commitment, understanding or instrument with respect to the Acquired Assets that is expected to continue in force and effect after the Closing. Each Contract, Lease or agreement referred to (i) constitutes, or will at the Closing constitute, a valid and binding obligation of Seller, (ii) is, and at the Closing will be, in full force and effect, and (iii) except as disclosed in Schedule 8, may be assigned to Harvard pursuant to this Agreement and will continue in full force and effect thereafter, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder. Except as set forth in Schedule 8, there is not, under any Contract or Lease, any default or event which, with notice or lapse of time or both, would constitute a default on the part of Seller, except such events of default and other events as to which requisite waivers have been obtained.
- i) Compliance With Laws and Permits. Seller has not violated Laws, except for violations that, in the aggregate, would not have a Material Adverse Effect. Seller has received no written notice from any Governmental Authority that Seller's current use and/or operation of the Acquired Assets violates or allegedly violates any Laws and/or Permit required for the use and/or operation of the Acquired Assets except as disclosed in Schedule 9.
- j) Proceedings. Except as disclosed in Schedule 10, there is no claim, action, suit, inquiry, proceeding or investigation pending or threatened against or involving

Seller that seeks to prevent, enjoin or materially alter or delay the transactions contemplated hereby, or that, if adversely determined, would have a Material Adverse Effect. . Seller is not subject to any order, writ, injunction, or decree that would prevent, enjoin, or materially alter or delay the transactions contemplated hereby. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed against Seller that, in the aggregate, have a Material Adverse Effect.

k) Environmental Matters.

- (i) Seller's use and operation of the Acquired Assets is in compliance with all Environmental Laws applicable to the Acquired Assets, except for matters that would not have a Material Adverse Effect;
- (ii) Seller has not received written notice of, nor is Seller the subject of, any Environmental Claims that would, individually or in the aggregate, have a Material Adverse Effect and that remain(s) outstanding or unresolved; and
- (iii) Except as disclosed in Schedule 11, Seller has not reported any Release at the Site, and Seller is not conducting any Remediation at the Site, and Seller has not received any written or oral request for information under Section 104 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9604) ("CERCLA") or other Environmental Law, or been notified in writing that it is a potentially responsible party or a responsible party under CERCLA or M.G.L. Chapter 21E with respect to the Site;.

l) Condemnation. Except as set forth in Schedule 12, Seller has received no written notice from any Governmental Authority of any pending or threatened proceeding to condemn or take by power of eminent domain or otherwise, by any Governmental Authority, all or any part of the Acquired Assets.

m) Regulation as a Utility. Seller is an "electric company" within the meaning of Chapter 164 of the Massachusetts General Laws.

n) Disclaimers Regarding Acquired Assets. EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS SECTION 9, THE ACQUIRED ASSETS ARE SOLD "AS IS, WHERE IS," AS OF THE EFFECTIVE DATE, AND IN THEIR CONDITION AS OF THE EFFECTIVE DATE, AND SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO LIABILITIES, OPERATIONS OF THE GENERATING FACILITY, TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE ACQUIRED ASSETS AND SELLER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY

OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ACQUIRED ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT (INCLUDING THE EXISTENCE OF ANY ENVIRONMENTAL CONDITIONS), OR COMPLIANCE WITH ENVIRONMENTAL LAWS, OR AS TO THE CONDITION OF THE ACQUIRED ASSETS, OR ANY PART THEREOF, OR WHETHER SELLER POSSESSES SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY TO OPERATE THE ACQUIRED ASSETS. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS MATERIALS OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE ACQUIRED ASSETS OR THE SUITABILITY OF THE GENERATING FACILITY FOR OPERATION AS AN ELECTRIC POWER PLANT OR STEAM GENERATING PLANT, AND NO OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY SELLER OR ITS AGENTS, OR ANY ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST PROVIDED TO HARVARD, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS, OR ANY OF THE FOREGOING MATTERS.

- 10) Representations and Warranties of Harvard. Harvard represents and warrants to Seller, to Harvard's Knowledge, that the statements contained in this Section 10 are correct and complete as of the Effective Date.
- a) Organization of Harvard. Harvard, a charitable and educational corporation established under Harvard Charter 1650 from the General Courts of the Massachusetts Bay Colony, and ratified by the Constitution of Massachusetts in 1780, is duly organized and validly existing.
 - b) Authority of Transaction. Harvard has full corporate power and authority to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder. All corporate actions or proceedings to be taken by or on the part of Harvard to authorize and permit the due execution and valid delivery by Harvard of this Agreement and the instruments required to be duly executed and validly delivered by Harvard pursuant hereto and thereto, the performance by Harvard of its obligations hereunder and thereunder, and the consummation by Harvard of the transactions contemplated herein and therein, have been duly and properly taken. This Agreement has been duly executed and validly delivered by Harvard and constitutes the valid and legally binding

obligation of Harvard, enforceable in accordance with its terms and conditions and when each Related Agreement has been executed and delivered, such Related Agreement will likewise constitute a valid and legally binding obligation of Harvard, enforceable in accordance with its terms.

- c) Noncontravention. Neither the execution and the delivery of this Agreement or any of the Related Agreements, nor the consummation of the transactions contemplated hereby and thereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, license or other restriction of any Governmental Authority to which Harvard is subject or any provision of the articles of organization or bylaws of Harvard or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Harvard is a party or by which it is bound or to which any of its assets is subject.
- d) Brokers' Fees. Harvard has no Liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Seller could become liable or obligated.
- e) Litigation. No claim, demand, action or suit is pending or threatened that would be reasonably likely to result in Harvard being unable to consummate the transactions contemplated herein, or that questions the validity of this Agreement or the Related Agreements, or of any action taken or to be taken pursuant to or in connection with the provisions of this Agreement or the Related Agreements. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed against Harvard that impair, estop, impede, restrain, ban or otherwise adversely affect Harvard's ability to satisfy or perform all of the Assumed Liabilities under any federal, state or local Law.
- f) No Knowledge of Seller's Breach. On the Effective Date, Harvard has no Knowledge of any breach by Seller of any representation or warranty contained in Section 9 hereof, or of any condition or circumstance that would excuse Harvard from performance of its obligations under this Agreement or the Related Agreements.
- g) "As Is" Sale. The representations and warranties set forth in Section 9 and Section 10 hereof constitute the sole and exclusive representations and warranties of Seller and Harvard in connection with the transactions contemplated hereby. There are no representations, warranties, covenants, understandings or agreements among the Parties regarding the Acquired Assets or their transfer other than those incorporated in this Agreement. Except for the representations and warranties expressly set forth in Section 9, Harvard disclaims reliance on any representations, warranties or guarantees, either express or implied by Seller,

including but not limited to any representation or warranty expressed or implied in any oral, written or electronic response to any information request provided to Harvard. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, HARVARD ACKNOWLEDGES AND AGREES THAT THE ACQUIRED ASSETS ARE BEING ACQUIRED "AS IS, WHERE IS" AS OF THE EFFECTIVE DATE, AND IN THEIR CONDITION AS OF THE EFFECTIVE DATE, AND THAT HARVARD IS RELYING ON ITS OWN EXAMINATION OF THE ACQUIRED ASSETS, AND IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY MADE BY SELLER OR ITS AGENTS, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 9 AND IN THE INSTRUMENTS OF TRANSFER AND CONVEYANCE.

11) Covenants. The Parties agree as follows:

- a) General. Each of the Parties will use its best efforts to take all actions and to do all things necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement and the Related Agreements (including satisfaction, but not waiver, of the closing conditions set forth in Sections 12 and 13 below).
- b) Notices, Consents and Approvals. Seller and Harvard shall cooperate with each other and use all Commercially Reasonable Efforts to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, (iii) obtain the transfer, issuance or re-issuance to Harvard of all Permits and (iv) obtain all necessary consents, approvals and authorizations of all other parties necessary or advisable to consummate the transactions contemplated by this Agreement or in any of the Related Agreements (including, without limitation, Seller's Regulatory Approvals) or required by the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which Seller or Harvard is a party or by which either of them is bound. Both Parties shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement or in any of the Related Agreements that appear in any filing made by either Party in connection with the transactions contemplated hereby or thereby.
- c) Operation of the Site During Interim Period.
 - i) Operations. During the Interim Period, Seller will operate and maintain the Real Property and the Steam Generating Facility in the ordinary course consistent with Prudent Utility Practices, unless otherwise contemplated by this Agreement or with the prior written consent of Harvard. Seller will cooperate with Harvard in making arrangements so that selected Harvard personnel, representatives and/or agents may be present at the Site during operating hours for training purposes, subject to safety,

security and other similar requirements. From the expiration of the Inspection Period to the Closing, Seller and Harvard agree to abide by the obligations contained in Section 2.4 of the Operating Agreement between NSTAR Steam Corporation and President and Fellows of Harvard College dated August 1, 2002. Without limiting the generality of the foregoing, Seller shall not, without the prior written consent of Harvard, during the Interim Period, with respect to the Acquired Assets:

- (A) sell, lease (as lessor), transfer or otherwise dispose of, any of the Acquired Assets, other than as used, consumed or replaced in the ordinary course of business consistent with Prudent Utility Practices, or encumber, pledge, mortgage or suffer to be imposed on any of the Acquired Assets any encumbrance other than Permitted Encumbrances;
 - (B) make any material change in the levels of Inventories customarily maintained by Seller with respect to the Acquired Assets, except for such changes that are consistent with Prudent Utility Practices;
 - (C) terminate or materially amend any of the Leases, Contracts or the Permits, except as may be necessary in order to transfer Seller's rights thereunder to Harvard at the Closing, or otherwise comply with the terms of this Agreement;
 - (D) enter into any contract or commitment affecting the Acquired Assets which individually exceeds \$25,000.00 or in the aggregate exceeds \$100,000.00, unless such contract or commitment is to be fully performed prior to the Closing or can be terminated by Harvard at its option at any time following the Closing without penalty or cancellation charge; or
 - (E) enter into any steam supply contract or renew or extend any existing Steam Contract.
- ii) Insurance. During the Interim Period, Seller shall maintain insurance coverage with respect to the Acquired Assets in the manner and at levels currently insured, but in no event less than full replacement value. Evidence of Seller's insurance is attached as Schedule 13.
- d) Interim Period Notice. The Parties shall provide the following notice:
- i) After the expiration of the Inspection Period, Harvard shall notify Seller promptly if any information comes to Harvard's attention after the end of the Inspection Period that would or might excuse Harvard from the performance of its obligations under this Agreement or the Related Agreements or would or might cause any condition to close set forth in

Sections 12 or 13 not to be satisfied. If Harvard fails to so notify Seller within thirty (30) days of obtaining Knowledge of such information, Harvard shall be deemed to have waived (A) the right to be excused from such performance or (B) the fulfillment of such conditions.

- ii) Seller shall notify Harvard promptly if any information comes to its attention that would or might excuse Seller from the performance of its obligations under this Agreement or the Related Agreements or would or might cause any condition to close set forth in Sections 12 or 13 not to be satisfied. In the event that Seller fails to so notify Harvard within thirty (30) days of obtaining Knowledge of such information, Seller shall be deemed to have waived (A) the right to be excused from such performance or (B) the fulfillment of such conditions.
- iii) Seller shall notify Harvard of the existence of any matter that if in existence on the Effective Date or the Closing Date would or might cause any of the representations or warranties in Section 9 above to be untrue or incorrect. Unless Harvard has the right to terminate this Agreement pursuant to Section 19(a)(ii)(5) below by reason of such notice and exercises that right within the period of 30 days referred to in Section 19(a)(ii)(5) below, the written notice pursuant to this Section 11(d)(iii) shall be deemed to have amended the appropriate Schedule or Schedules as of the Effective Date, to have qualified the representations and warranties contained in Section 9 above as of the Effective Date, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the existence of such matter.
- iv) Harvard shall notify Seller of the existence of any matter that if in existence on the Effective Date or the Closing Date would or might cause any of the representations or warranties in Section 10 above to be untrue or incorrect. Unless Seller has the right to terminate this Agreement pursuant to Section 19(a)(iii)(5) below by reason of such notice and exercises that right within the period of 30 days referred to in Section 19(a)(iii)(5) below, the written notice pursuant to this Section 11(d)(iv) shall be deemed to have amended the appropriate Schedule or Schedules as of the Effective Date, to have qualified the representations and warranties contained in Section 10 above as of the Effective Date, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the existence of such matter.

12) Conditions to Obligation of Harvard to Close. The obligation of Harvard to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions precedent:

- a) Representations and Warranties. The representations and warranties set forth in Section 9 above shall be true, correct and complete in all material respects as

though made at and as of the Closing Date.

- b) Performance by Seller. Seller shall have performed and complied in all material respects with all of its covenants, agreements and obligations hereunder through the Closing.
 - c) Absence of Litigation. No suit, action or other proceeding against any Party or its Affiliates or any of the Acquired Assets shall be pending before any Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain damages or other relief in connection with this Agreement or the actions contemplated hereby, except for matters that, in the aggregate, will not have a Material Adverse Effect. There shall not be any injunction, judgment, order, decree, ruling, charge or laws in effect preventing consummation of any of the transactions contemplated by this Agreement or the Related Agreements, except as shall not have a Material Adverse Effect.
 - d) Deliveries. Seller shall have complied in all material respects with the delivery requirements of Section 7.
 - e) Title. There shall be no matters that would constitute an exception to title first arising after the date of the Title Commitment unless Harvard has approved of said exception within thirty (30) days of Harvard's actual knowledge of said exception. Seller shall be obligated to remove said exception to the extent that said exception is a Lien or a matter voluntarily permitted or incurred by Seller.
 - f) Material Adverse Effect. Since the Effective Date, there shall not have occurred and be continuing a Material Adverse Effect, other than such arising from facts or circumstances (i) that were within Harvard's Knowledge on the Effective Date and were not required to be corrected before Closing by this Agreement, or (ii) that were disclosed on any of the Schedules.
 - g) Waiver. Harvard may waive any condition specified in this Section 12, if it executes a writing so stating at or prior to the Closing and such waiver shall not be considered a waiver of any other provision in this Agreement unless the writing specifically so states.
 - h) Seller's Regulatory Approval. Seller's Regulatory Approval shall not restrict Harvard's use of the Site.
- 13) Conditions to Obligation of Seller to Close. The obligation of Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:
- a) Representations and Warranties. The representations and warranties set forth in Section 10 above shall be true, correct and complete in all material respects as

though made at and as of the Closing Date.

- b) Performance by Harvard. Harvard shall have performed and complied in all material respects with all of its covenants, agreements and obligations hereunder through the Closing.
 - c) Seller's Regulatory Approval. Seller shall have received the D.T.E. Approval on terms and conditions acceptable to Seller in its sole discretion.
 - d) Absence of Litigation. No suit, action or other proceeding against any Party or its Affiliates or any of the Acquired Assets shall be pending before any Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain damages or other relief in connection with this Agreement or the actions contemplated hereby. There shall not be any injunction, judgment, order, decree, ruling, charge or laws in effect preventing consummation of any of the transactions contemplated by this Agreement or the Related Agreements.
 - e) Deliveries. Harvard shall have complied in all material respects with the delivery requirements of Section 8.
 - f) Waiver. Seller may waive any condition specified in this Section 13 if it executes a writing so stating at or prior to the Closing and such waiver shall not be considered a waiver of any other provision in this Agreement unless the writing specifically so states.
 - g) Steam Asset Purchase Agreement Closing. The Closing under the Steam Asset Purchase Agreement shall occur contemporaneously with the Closing hereunder.
- 14) Further Assurances.
- a) Additional Instruments. At any time and from time to time after the Closing, without further payment, at the request of a Party, the other Party will execute and deliver such instruments of sale, transfer, conveyance, assignment and confirmation and take such action as is necessary to transfer, convey and assign to Harvard, and to confirm Harvard's title to or interest in the Acquired Assets.
 - b) Omitted Assets. In the event that any asset (other than the Real Property) that is an Acquired Asset shall not have been fully conveyed to Harvard at the Closing, Seller shall, without further payment, use its best efforts to confirm and perfect such conveyance to Harvard as promptly as is practicable after the Closing.
 - c) Assigned Contracts. To the extent that Seller's rights under any contract included as an Acquired Asset, may not be assigned without the consent of another Person which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would

constitute a breach thereof or be unlawful, and Seller, at its expense, shall use Commercially Reasonable Efforts to obtain any such required consent(s) as promptly as possible. Seller and Harvard agree that if any consent to an assignment shall not be obtained, or if any attempted assignment would be ineffective, or would impair Harvard's rights and obligations under the contract in question, so that Harvard would not in effect acquire the benefit of all such rights and obligations, Seller, to the maximum extent permitted by law and by such contract, shall, after the Closing, appoint Harvard to be Seller's agent with respect to such contract, and Seller shall, to the maximum extent permitted by law and by such contract, enter into such reasonable arrangements with Harvard as are necessary to provide Harvard with the benefits and obligations of such contract. Seller and Harvard shall cooperate and shall each use Commercially Reasonable Efforts after the Closing to obtain an assignment of such contract to Harvard; provided that Harvard shall not have any obligation to offer or pay any consideration in order to obtain any such consents.

- d) Taking Claim. To the extent that, in the event of a Taking, an assignment of Seller's rights against the condemning authority shall not be sufficient to allow Harvard to prosecute claims for compensation against the condemning authority, Seller shall cooperate with Harvard, including, if necessary, maintaining and prosecuting an action against the condemning authority in the name of Seller, however, at the sole cost and expense of Harvard.

This Section 14 shall survive the Closing.

15) Cooperation after Closing.

- a) Records and Support. After the Closing Date, Seller shall have reasonable access to, and the right to copy, all of the records, books and documents related to the Acquired Assets to the extent that Seller has delivered such records, books and documents to Harvard at or in connection with the Closing and to the extent that such access may reasonably be required by Seller in connection with matters relating to or affected by the operation of the Acquired Assets by Seller prior to the Closing Date. Such access shall be afforded by Harvard upon receipt of reasonable advance notice and during normal business hours. Seller shall be solely responsible for any costs or expenses incurred by it pursuant to this Section. However, Harvard will not have any obligation to Seller under this Agreement to maintain any records, books or documents relating to operations prior to Closing beyond ten (10) years from the Closing Date. If Harvard shall desire to dispose of any of records, books or documents that may relate to operation of the Site prior to the Closing Date, Harvard shall, prior to such disposition, give to Seller a reasonable opportunity, at Seller's expense, to segregate and remove such records, books or documents as Seller may select.
- b) Proceedings. Both parties agree to cooperate with each other in connection with any investigation by any Governmental Authority, litigation or regulatory or other

proceeding which may arise following the Closing Date and which relates to the operation of the Generating Facility by Seller prior to the Closing Date. Seller shall reimburse Harvard for all reasonable expenses incurred by Harvard in connection therewith.

This Section 15 shall survive the Closing.

16) Risk of Loss.

- a) Casualty Loss. If during the Interim Period the Acquired Assets, or portions thereof, are damaged by fire or other casualty (each such event, a "Casualty Loss"), then the following provisions shall apply:
 - i) If such Casualty Loss would preclude or materially and substantially interfere with the continued operation of the Acquired Assets or result in a Material Adverse Effect, then, at Harvard's election, this Agreement shall terminate as of the date of the Casualty Loss, the Deposit under this Agreement shall be returned to Harvard, and the Parties shall thereafter have no further obligation to, or recourse against, each other by reason of this Agreement. In all other events, subsection 16(a)(ii) shall apply. If Harvard terminates this Agreement under this provision, it shall be deemed to constitute a full and final waiver and release by Harvard of any preemptive right in the nature of an option, right of first offer or right of first refusal, with respect to the Acquired Assets, or any portion thereof, and arising under any agreement or instrument between Harvard and Seller.
 - ii) In the event Harvard does not elect to terminate this Agreement in accordance with Section 16(a)(i) above, Seller shall use all Commercially Reasonable Efforts to collect the proceeds of all applicable insurance with respect to such Casualty Loss, less any costs and expenses reasonably incurred by Seller in obtaining such insurance proceeds ("Net Proceeds"), and such Net Proceeds, to the extent collected by Seller and not applied to the immediate repair or restoration of the Casualty Loss, shall be held for the benefit of Harvard and duly accounted for at Closing. In addition, Harvard shall receive a credit at Closing equal to the sum of (A) any deductibles under Seller's applicable policies, and (B) any amount that is determined to be uncollectible under any policy due to any act, omission or fault of Seller. Seller shall assign to Harvard at Closing all claims with respect to such Casualty Loss that are not finally determined prior to Closing, and the Parties shall proceed to Closing without any further adjustment in the Purchase Price.
 - iii) In the event of any one or more Casualty Losses for which Seller actually collects insurance proceeds, Seller shall, in consultation with Harvard, proceed to repair or restore the damage, in a manner consistent with

Prudent Utility Practices, but only to the extent of Net Proceeds received plus any deductible and self-insurance amounts payable by Seller.

- b) Taking. If during the Interim Period the Acquired Assets, or portions thereof, are taken by a Governmental Authority by exercise of the power of eminent domain (each, a "Taking"), then the following provisions shall apply:
- i) If such Taking would preclude or materially and substantially interfere with the continued operation of the Acquired Assets or result in a Material Adverse Effect, then, at Harvard's election, this Agreement shall terminate as of the date of the Taking, the Deposit under this Agreement shall be returned to Harvard, and the Parties shall thereafter have no further obligation to, or recourse against, each other by reason of this Agreement. In all other events, subsection 16(b)(ii) shall apply. If Harvard terminates this Agreement under this provision, it shall be deemed to constitute a full and final waiver and release by Harvard of any preemptive right in the nature of an option, right of first offer or right of first refusal, with respect to the Acquired Assets, or any portion thereof, and arising under any agreement or instrument between Harvard and Seller.
 - ii) In the event Harvard does not elect to terminate this Agreement in accordance with Section 16(b)(i) above, Seller shall (A) not waive, settle or compromise any causes of action against the condemning authority, and (B) use all Commercially Reasonable Efforts to collect the Net Proceeds of all pro-tanto awards from the condemning authority with respect to such Taking, and such Net Proceeds shall be held for the benefit of Harvard and duly accounted for at Closing. In addition, Seller shall assign to Harvard at Closing all claims against the condemning authority and all rights to any further recovery of compensation with respect to such Taking, and the Parties shall proceed to Closing without any adjustment in the Purchase Price.

17) Confidentiality.

The respective rights and obligations of the Parties with regard to confidentiality shall be governed by the terms of the Confidentiality and NonDisclosure Agreement between the Parties dated as of June 28, 2002, a copy of which is attached hereto as Exhibit F.

18) Effect of Closing and Indemnification.

- a) Non-Survival of Representations and Warranties; Survival of Covenants and Agreements. The representations and warranties set forth in this Agreement and in any certificate or instrument delivered in connection herewith shall terminate at the Closing or the earlier termination of this Agreement pursuant to its terms, as the case may be. The covenants and agreements contained in this Agreement that by their terms survive the Closing or termination of this Agreement shall survive such Closing or termination, as the case may be, and all other covenants and

agreements shall terminate at the Closing or the earlier termination of this Agreement pursuant to its terms, as the case may be.

- b) Effect of Closing. Except as otherwise provided herein, upon the Closing, any condition in favor of either Party that has not been satisfied, or any representation, warranty or covenant, that has been breached or left unsatisfied by either Party will be deemed waived by the Parties as of the Closing Date, and each Party will be deemed to fully release and forever discharge the other Party on account of any and all claims, demands or charges, known or unknown, with respect to the same. Nothing in this provision shall affect or cause to be waived those matters specifically stated to survive or to occur after the Closing pursuant to this Agreement.
- c) Indemnity by Seller. From and after the Closing, Seller will indemnify, defend and hold harmless Harvard, its Affiliates and any of their respective officers, members of governing boards, directors, employees, and agents (the "Harvard Indemnified Party") against and in respect of all Claims asserted against or suffered by the Harvard Indemnified Party relating to, resulting from or arising out of the following:
 - i) Any Liability with respect to the Acquired Assets under any bulk transfer law of any jurisdiction;
 - ii) To the extent not expressly assumed by Harvard pursuant to the terms of the Agreement or the Related Agreements, Seller's ownership, operation or use of the Acquired Assets, or the business and/or operations conducted with or with respect to the Acquired Assets, on or prior to the Closing;
 - iii) The Excluded Assets;
 - iv) Liabilities not assumed by Harvard pursuant to Section 1(c) including, but not limited to, the Excluded Liabilities set forth in Section 1(d);
 - v) Any breach by Seller of any covenant, agreement or obligation of Seller contained in this Agreement or any certificate required to be delivered by Seller pursuant to this Agreement;
 - vi) Any intentional misrepresentation or fraudulent breach of representation or warranty by Seller;
 - vii) Any contracts, leases or other agreements or commitments entered into or made by Seller with respect to the Acquired Assets, unless Harvard has agreed to assume Liabilities under such agreements or commitments; and
 - viii) Liens on the Site arising before or as a result of the Closing.

Notwithstanding the foregoing, Harvard will be liable for the first \$25,000 in such Claim(s) and Seller's obligations under this provision do not arise until Claim(s) totaling \$25,000, individually or in the aggregate, have been asserted against Harvard.

- d) Indemnity by Harvard. From and after the Closing, Harvard will indemnify, defend, and hold harmless Seller, its Affiliates and any of their respective officers, members of governing boards, directors, employees, and agents (the "Seller Indemnified Party") against and in respect of all Claims asserted against or suffered by Seller Indemnified Party relating to, resulting from or arising out of the following:
- i) To the extent not expressly retained by Seller pursuant to the terms of this Agreement or the Related Agreements, Harvard's ownership, operation or use of the Acquired Assets, or the business conducted with, or with respect to, the Acquired Assets after the Closing;
 - ii) The Contracts, Leases or Permits, or any agreements that have been transferred or assigned to Harvard by Seller, except to the extent the Claim arises from a breach of the contract or agreement including, but not limited to, Contracts, Leases and Permits relating to or included within the Acquired Assets, by Seller prior to, or as a result of, the Closing;
 - iii) The Assumed Liabilities;
 - iv) Any breach by Harvard of any covenant, agreement or obligation of Harvard contained in this Agreement or any certificate required to be delivered by Harvard pursuant to this Agreement; and
 - v) Any intentional misrepresentation or fraudulent breach of representation or warranty by Harvard.

Notwithstanding the foregoing, Seller will be liable for the first \$25,000 in such Claim(s) and Harvard's obligations under this provision do not arise until Claim(s) totaling \$25,000, individually or in the aggregate, have been asserted against Seller.

- e) Exclusive Remedy. From and after the Closing, the remedies set forth in this Section 18 constitute the sole and exclusive remedy for any and all claims, damages, complaints, demands, causes of action, investigations, hearings, actions, suits or other proceedings relating to this Agreement and are in lieu of any and all other rights and remedies which Seller or Harvard may have under this Agreement or otherwise for monetary relief with respect to any breach or failure to perform or with respect to the Assumed or Excluded Liabilities, other than equitable remedies for fraud, and except for obligations to be performed after the Closing hereunder. Each Party waives any provision of law to the extent that it would limit or restrict the agreements contained in this Section 18. Nothing herein shall prevent either Party from terminating this Agreement in accordance

with Section 19.

f) Matters Involving Third Parties.

- i) If any Third Party shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third-Party Claim") that may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 18, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.
- ii) Any Indemnifying Party will have the right to defend, at its expense, the Indemnified Party against the Third-Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within fifteen days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any losses the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim, (B) the Indemnifying Party provides the Indemnified Party with evidence acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder, (C) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief, settlement of, or an adverse judgment with respect to, the Third-Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice adverse to the continuing business interests of the Indemnified Party, and (D) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently.
- iii) So long as the Indemnifying Party is conducting the defense of the Third-Party Claim in accordance with subsection (ii) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third-Party Claim without the prior written consent of the Indemnifying Party (which consent shall not unreasonably be withheld), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third-Party Claim, unless written agreement is obtained releasing the Indemnified Party from all liability thereunder.
- iv) In the event any of the conditions in subsection (ii) above is or becomes

unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third-Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third-Party Claim (including attorneys' fees and expenses, notwithstanding Section 20(n)), and (C) the Indemnifying Party will remain responsible for any losses the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim to the fullest extent provided in this Section 18

- g) Release. Effective only as of the Closing, Harvard releases, holds harmless and forever discharges Seller from any and all Environmental Claims resulting from or arising from any Environmental Condition, except for Environmental Claims arising out of the Excluded Liabilities retained by Seller pursuant to Section 1(d). With respect thereto, Harvard hereby waives any and all rights and benefits that it now has, or in the future may have conferred upon it by virtue of any statute or common law principle which provides that a general release does not extend to claims that a party does not know or suspect to exist in its favor at the time of such release, which if known, would have materially affected such Party's settlement with the other Party. In this connection, Harvard hereby acknowledges that factual matters now unknown to it may have given or may hereafter give rise to Environmental Claims that are presently unknown, unanticipated and unsuspected, and it further agrees that this release has been negotiated and agreed upon in light of that awareness, and it nevertheless hereby intends to release Seller from the Claims described in the first sentence of this Section.
- h) No Recourse. To the extent the transfer, conveyance, assignment and delivery of the Acquired Assets to Harvard as provided in this Agreement is accomplished by deeds, assignments, easements, leases, licenses, bills of sale, or other instruments of transfer and conveyance, whether executed at the Closing or thereafter, these instruments are made without representation or warranty by, or recourse against, Seller, except as expressly provided in this Agreement or in any such instrument.
- i) Survival. The provisions of this Section 18 shall survive the Closing.

19) Termination.

- a) Termination of Agreement. The Parties may terminate this Agreement as provided below:
 - i) the Parties may terminate this Agreement by mutual written consent at any time prior to the Closing;

- ii) Harvard may terminate this Agreement by giving written notice to Seller at any time prior to the Closing if any of the following has occurred: (1) Seller has breached any representation, warranty or covenant contained in this Agreement in any material respect, Harvard has notified Seller of the breach, and the breach has continued without cure for a period of thirty (30) days after the notice of breach; (2) one or more courts of competent jurisdiction shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, which order, judgment or decree shall have become Final; (3) any statute, rule, or regulation shall have been enacted by any Governmental Authority that directly or indirectly, prohibits the consummation of the transactions contemplated hereby; (4) in accordance with Section 2(b), Section 6(a) or Section 16(a) and (b) hereof; or (5) Seller has within the then previous thirty days given Harvard any notice pursuant to Section 11(d) above and the matter that is the subject of such notice, if in existence on the Effective Date or the Closing Date, would cause the representations and warranties of Seller set forth in Section 9 hereof not be true and correct.
- iii) Seller may terminate this Agreement by giving written notice to Harvard at any time prior to the Closing if any of the following has occurred: (1) Harvard has breached any representation, warranty, or covenant contained in this Agreement in any material respect, Seller has notified Harvard of the breach, and the breach has continued without cure for a period of thirty (30) days after the notice of breach; (2) Seller's Regulatory Approval shall have been denied, or shall have been granted on terms or conditions that are unacceptable to Seller, in Seller's sole discretion, (3) one or more courts of competent jurisdiction shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, which order, judgment or decree shall have become Final; (4) any statute, rule, or regulation shall have been enacted by any Governmental Authority that directly or indirectly, prohibits the consummation of the transactions contemplated hereby; (5) the Steam Asset Purchase Agreement is terminated, or (6) Harvard has within the then previous thirty days given Seller any notice pursuant to Section 11(d) above and the matter that is the subject of such notice, if in existence on the Effective Date or the Closing Date, would cause the representations and warranties of Harvard set forth in Section 10 hereof not be true and correct.

- b) Effect of Termination. If any Party terminates this Agreement pursuant to Section 19(a) above, all rights and obligations of the Parties hereunder shall terminate without any Liability of any Party to any other Party (except for any Liability of any Party then in breach) and, if Seller is the party in breach, the Deposit shall be returned forthwith to Harvard and neither Party shall thereafter have any further liability or obligation to the other by reason of this Agreement except for those provisions that expressly survive the termination of this Agreement.

20) Miscellaneous.

- a) Press Releases and Public Announcements. No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement prior to the Closing without the prior approval of the other Party; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable law, regulation, or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will provide the other Party with the opportunity to review the disclosure in advance). The provisions of this Section 20(a) shall survive the Closing.
- b) No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Third Party. The provisions of this Section 20(b) shall survive the Closing.
- c) No Joint Venture. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to either Party. Except to the extent specifically provided herein, neither Party is, or shall act as, or be the agent or representative of the other Party. The provisions of this Section 20(c) shall survive the Closing.
- d) Entire Agreement. This Agreement (including the Related Agreements and any other documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof. All conflicts or inconsistencies between the terms hereof and the terms of any of the Related Agreements, if any, shall be resolved in favor of this Agreement.
- e) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Harvard may assign its interest, rights and obligations hereunder to one or more entities that is or are Affiliates of Harvard (each an "Assignee"), which Assignee shall assume such interest, rights, and obligations or designated portion thereof. Without limiting the generality of the foregoing, Harvard shall have the right to designate portions of the Acquired Assets to be acquired by separate Assignees. As a condition precedent to such assignment, Harvard shall deliver to Seller an unconditional guarantee of payment and performance, in form and substance acceptable to Seller, guaranteeing the obligations of such Assignee(s). Except as provided in the preceding sentence, no Party may assign either this Agreement or the Related Agreements or any of its rights, interests, or obligations hereunder or thereunder without the prior written approval of the other Party.

- f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.
- g) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.
- h) Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) upon electronic confirmation of facsimile, (ii) one Business Day following the date sent, when sent by overnight delivery and (iii) five Business Days following the date mailed, when mailed by registered or certified mail, return receipt requested and postage prepaid, at the following address:

i) If to Seller:

Douglas S. Horan, Esquire
Senior Vice President, Secretary and General Counsel
Cambridge Electric Light Company
800 Boylston Street, 17th Floor
Boston, MA 02199

With a copy to:

Neven Rabadjija, Esq.
Associate General Counsel
NSTAR Electric & Gas Corporation
800 Boylston Street, 17th Floor
Boston, MA 02199

ii) If to Harvard:

Thomas E. Vautin
Associate Vice President for Facilities and Environmental Services
Harvard University
Holyoke Center, Room 761
1350 Massachusetts Avenue
Cambridge, MA 02138

With a copy to:

Robert E. McGaw, Esquire
Office of the General Counsel
Harvard University

Holyoke Center, Room 980
1350 Massachusetts Avenue
Cambridge, MA 02138

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

- i) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Massachusetts. The provisions of this Section 20(i) shall survive the Closing.
- j) Change in Law. If and to the extent that, during the Interim Period, any laws or regulations that govern any aspect of this Agreement shall change, so as to make any aspect of this transaction unlawful, without prohibiting the transaction as a whole, then the Parties agree to use good faith efforts to negotiate such modifications to this Agreement as may be reasonably necessary for the Agreement to accommodate any such legal or regulatory changes, without materially changing the overall benefits or consideration expected hereunder by either party.
- k) Consent to Jurisdiction. Each of Seller and Harvard consents to the nonexclusive jurisdiction of the Superior Court for Middlesex County, Commonwealth of Massachusetts, for adjudication of any suit, claim, action or other proceeding at law or in equity relating to this Agreement, or to any transaction contemplated hereby. The provisions of this Section 20(k) shall survive the Closing.
- l) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Harvard and Seller. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.
- m) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation, provided that the remaining terms and provisions hereof constitute a transaction that is capable of being performed as contemplated herein. The provisions of this Section 20(m) shall survive the Closing.

- n) Expenses. Each of Harvard and Seller will bear its own costs and expenses (including legal, consulting and accounting fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.
- o) Construction. Ambiguities or uncertainties in the wording of this Agreement will not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the Effective Date they executed this Agreement. The Parties acknowledge that they have been represented by counsel in connection with the review and execution of this Agreement, and, accordingly, there shall be no presumption that this Agreement or any provision hereof be construed against the Party that drafted this Agreement. The provisions of this Section 20(o) shall survive the Closing.
- p) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.
- q) Specific Performance. Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action in addition to any other remedy to which it may be entitled, at law or in equity.
- r) Dispute Resolution. Prior to instituting any litigation or alternative dispute resolution mechanism, the Parties will attempt in good faith to resolve any dispute or claim promptly by referring any such matter to their respective chief executive officers, or their designees, for resolution. Either Party may give the other Party written notice of any dispute or claim. Within ten (10) days after delivery of said notice, the executives will meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute or claim within thirty (30) days. The provisions of this Section 20(r) shall survive the Closing.
- s) Bulk Transfer Laws. Without admitting the applicability of the bulk transfer laws of any jurisdiction, the Parties agree that they will not comply with any applicable bulk transfer or similar law in connection with the transactions contemplated by this Agreement.

Definitions.

"Acquired Assets" has the meaning set forth in Section 1(a).

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended.

"Agreement" has the meaning set forth in the preamble.

"Assignee" has the meaning set forth in Section 20(e).

"Assignment and Assumption Agreement" means the Assignment of Leases, Licenses and Permits and Assumption Agreement between the Parties, by which Seller shall assign certain rights, liabilities and obligations and Harvard shall assume the Assumed Liabilities, in substantially the form attached hereto as Exhibit D.

"Assumed Liabilities" has the meaning set forth in Section 1(c).

"Bill of Sale" means the form of bill of sale by which the title to personal property (including personal property comprising the Generating Facility) shall be conveyed to Harvard, substantially in the form attached hereto as Exhibit C.

"Blackstone Station" means the real property situated in the City of Cambridge, Middlesex County, Massachusetts, known as "Blackstone Station" and located at 24-46 Blackstone Street, 25-45 Blackstone Street, and 217-229 Putnam Avenue.

"Business Day" means any day other than a Saturday, Sunday, or day on which banks are legally closed for business in Boston, Massachusetts.

"Cash" means cash and cash equivalents (including marketable securities and short term investments) calculated in accordance with GAAP.

"Cash Deposit" has the meaning set forth in Section 4(a).

"Casualty Loss" has the meaning set forth in Section 16(a).

"Claim" or "Claims" means all actions, claims (whether administrative, judicial or private in nature), costs, damages, demands, expenses (including reasonable legal, accounting and other expert or consultant expenses), fines, interest, investigations, losses, notices of violation, orders, penalties, proceedings, suits and liabilities.

"Closing" has the meaning set forth in Section 6.

"Closing Adjustment" has the meaning set forth in Section 5(b).

"Closing Date" has the meaning set forth in Section 6.

"CMR" means Code of Massachusetts Regulations.

"Commercially Reasonable Efforts" means efforts which are reasonably within the contemplation of the Parties at the Effective Date and which do not require the performing Party to expend any funds other than expenditures which are customary and reasonable in transaction of the kind and nature contemplated by this Agreement in order for the performing Party to

satisfy its obligations hereunder.

"Confidentiality and NonDisclosure Agreement" has the meaning set forth in Section 17.

"Contracts" has the meaning set forth in Section 1(a)(v).

"Deed" means the form of deed by which the Real Property and Improvements (including those portions of the Generating Facility constituting real property or fixtures) shall be conveyed to Harvard, substantially in the form attached hereto as Exhibit B.

"Deposit" has the meaning set forth in Section 4(c).

"D.T.E." means the Massachusetts Department of Telecommunications and Energy.

"D.T.E. Approval" means the order or orders of the D.T.E. approving this Agreement and the consummation of the transactions contemplated hereby and all related matters, including, without limitation, approval of the regulatory treatment of the proceeds of the sale of the Acquired Assets, such order to be in a form which is Final.

"Effective Date" means the date on which this Agreement has been duly executed and validly delivered by the Parties.

"Electric Generating Facility" has the meaning set forth in Section 1(a)(ii).

"Environment" means surface waters, groundwater, or soil.

"Environmental Claim" shall mean and include any Claim under any Environmental Law arising from or in connection with: (A) an actual or alleged violation of any Environmental Law; (B) any Release of Hazardous Material; (C) any Remediation in connection with any Hazardous Material, Environmental Law, or other order or directive of any Governmental Authority; or (D) any actual or alleged damage, injury, threat, or harm to the health or safety of the general public, property or the Environment.

"Environmental Condition" means the Release at, on, or under the Site of Hazardous Materials, including any migration of those Hazardous Materials through soil or groundwater from the Site, regardless of when such Release occurred or is discovered.

"Environmental Law" shall mean any local, state or federal statute, rule, regulation, order, code, directive, or ordinance and any binding judicial or administrative interpretation thereof or requirement thereunder pertaining to: (A) the regulation or protection of health, safety, and the Environment; (B) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of, or exposure to, any Hazardous Material; or (C) pollution or contamination (including any Release to the Environment); and includes, but is not limited to, the following federal and state statutes (and their implementing regulations and the analogous state and local statutes and regulations): the Comprehensive Environmental Response, Compensation,

and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, as amended, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. § 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; and the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300(f) et seq.; the Massachusetts Hazardous Waste Management Act (M.G.L. c. 21C); the Massachusetts Oil and Hazardous Material Release Prevention Act (M.G.L. c. 21E); and the Massachusetts Contingency Plan (310 CMR 40.000 et seq.).

"Estimated Closing Statement" has the meaning set forth in Section 5(b).

"Excluded Assets" has the meaning set forth in Section 1(b).

"Excluded Liabilities" has the meaning set forth in Section 1(d).

"Exhibits" means the exhibits to this Agreement.

"Final" or "finally," when applied to a decision, approval or act of any Governmental Authority, means that the decision, approval or act has occurred, purports to be the final resolution and is not subject to appeal by any Person, including exhaustion of all administrative and judicial appeals or remedies and the running of time periods and statutes of limitation for rehearing and judicial review.

"FIRPTA Affidavit" means the affidavit to be delivered by the Parties at Closing pursuant to Section 1445(b)(2) of the Internal Revenue Code, to establish that each Party is not a "foreign person" within the meaning of that Section.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Generating Facility" has the meaning set forth in Section 1(a)(ii).

"Governmental Authority" means any federal, state, local or other governmental, regulatory or administrative agency, commission, department, board, or other governmental subdivision, court, tribunal, arbitral body or other governmental authority, but excluding Harvard and any subsequent owner of the Site (if otherwise a Governmental Authority under this definition).

"Harvard" has the meaning set forth in the preamble.

"Hazardous Material" or "Hazardous Materials" means any substance, chemical,

compound, product, solid, gas, liquid, waste, by-product, pollutant, contaminant, or material that is hazardous or toxic, and includes without limitation, asbestos or any material containing asbestos, polychlorinated biphenyls, petroleum (including crude oil or any fraction thereof), and any hazardous or toxic waste, material, or substance regulated under any Environmental Law.

"Improvements" means all buildings and structures (including all fuel handling and storage facilities), machinery, equipment, and fixtures (including all piping, cables and similar equipment forming part of the mechanical, electrical, plumbing or HVAC infrastructure of any building or structure) and construction in progress, located on and affixed to the land forming part of the Real Property, but excluding (a) the Generating Facility; (b) the steam service line under the Charles River, serving Genzyme Corporation and others, which is owned by NSTAR Steam Corporation, and (c) the T&D Assets.

"Indemnified Party" has the meaning set forth in Section 18(f).

"Indemnifying Party" has the meaning set forth in Section 18(f).

"Interim Period" means that period of time commencing on the Effective Date and ending on the Closing Date.

"Inventory" means fuel, materials, spare parts, consumable supplies and chemical and gas inventories located at the Site to the extent owned and paid for by Seller prior to Closing.

"Knowledge" means (a) the actual knowledge after reasonable investigation or inquiry, or (b) the knowledge that would have been obtained after reasonable investigation or inquiry, or (c) reckless disregard of facts, duty or obligations of due inquiry that would result in such knowledge of those corporate officers and those employees charged with responsibility for the subject matter in question at the relevant time or, with respect to any certificate delivered pursuant to this Agreement, on the date of delivery of the certificate.

"Laws" means all laws, rules, regulations, codes, injunctions, judgments, orders, decrees, rulings, interpretations, constitution, ordinance, common law, or treaty, of any federal, state, local municipal and foreign, international, or multinational government or administration and related agencies.

"Leases" has the meaning set forth in Section 1(a)(iii).

"Liability" or "Liabilities" means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due), including any liability for fines, penalties or Taxes.

"Lien" means any mortgage, pledge, lien, security interest, charge, claim, equitable interest, infringement of a third party patent, copyright, trade secret or other intellectual property right, encumbrance, restriction on transfer, conditional sale or other title retention device or arrangement (including, without limitation, a capital lease), transfer for the purpose of subjection

to the payment of any indebtedness, or restriction on the creation of any of the foregoing, whether relating to any property or right or the income or profits therefrom, whether incurred voluntarily or by operation of law.

"Material Adverse Effect" means any change in, or effect on, the Acquired Assets that (a) is materially adverse to the nature or extent of the Acquired Assets, taken as a whole, and (b) if arising from Seller's representations and warranties in Section 9, is of a cost or value, singularly or in the aggregate, in excess of \$250,000, or (c) if arising from any other provision of the Agreement, is of a cost or value, singularly or in the aggregate, in excess of \$1,460,000, other than any such change or effect arising or resulting from or related to (i) physical condition or operability of the Acquired Assets; and (ii) legal ability of Harvard to own, operate, maintain, repair, replace or remove the Acquired Assets.

"Offsite Hazardous Material Facility" means a location, other than the Site, to which Seller or Seller's agent sent Hazardous Materials for storage, disposal, treatment, or recycling..

"Party" and "Parties" have the meanings set forth in the preamble.

"Permits" has the meaning set forth in Section 1(a)(iv).

"Permitted Encumbrances" means: (i) Liens for Chapter 59 Taxes to the extent that the payment thereof is not in arrears or otherwise due; (ii) encumbrances in the nature of zoning, building and land use laws, ordinances, orders, decrees, restrictions or any other conditions imposed by any Governmental Authority; (iii) easements (including without limitation the Retained Easements and any other easement or like right granted by an instrument executed in connection with this Agreement, or the transactions contemplated hereby or thereby, but excluding such encumbrances that secure indebtedness), rights, restrictions, conditions, title imperfections and similar matters if the same do not materially detract from the operation or use of such property in the business of Seller; (iv) any Lien or title imperfection with respect to the Acquired Assets created by or resulting from any act or omission of Harvard; and (v) all exceptions set forth in the Title Commitment.

"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, a limited liability company, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

"Proprietary Information" has the meaning given it in the Confidentiality and Nondisclosure Agreement.

"Prudent Utility Practices" means any of the practices, methods and acts engaged in or approved by a significant portion of the steam and electric utility industry in New England during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with applicable Laws and good business practices, reliability, safety and expedition. Prudent Utility Practices are not intended to be limited to the optimum practice, method or act to the exclusion of all

others, but rather to be acceptable practices, methods or acts generally accepted in the region.

"Purchase Price" has the meaning set forth in Section 3.

"Real Property" has the meaning set forth in Section 1(a)(i).

"Real Property Taxes" means those taxes levied under Massachusetts General Laws Chapter 59.

"Related Agreements" means the Assignment and Assumption Agreement, the Bill of Sale, and the Deed and, as it relates to the Seller only, those documents and certificates set forth in Section 7(j).

"Release" means any actual, threatened or alleged spilling, leaking, pumping, pouring, emitting, dispersing, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of any Hazardous Material (including the disposal or abandonment of barrels, containers, tanks or other receptacles containing or previously containing any Hazardous Material).

"Remediation" means any or all of the following activities to the extent they relate to or arise from the presence of Hazardous Materials at the Site: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice from a Governmental Authority with jurisdiction over the Site under Environmental Laws that no material additional work is required by such Governmental Authority; (e) obtaining a written opinion of a Licensed Site Professional (as defined in M.G.L. c.21A, § 19), as contemplated by the relevant Environmental Laws and in lieu of a written notice from a Governmental Authority, that no material additional work is required to address Hazardous Materials at the Site; and (f) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws to address the presence of Hazardous Materials at the Site.

"Repairs" has the meaning set forth in Section 2(a).

"Retained Easements" means the easements to be reserved by Seller in the Deed, relating to the continued use and occupancy by the T&D Assets of certain portions of the Real Property after the Closing.

"Schedule" means a schedule to this Agreement.

"Seller" has the meaning set forth in the preamble.

"Seller's Regulatory Approval" means the D.T.E. Approval.

"Site" means the Real Property and the Generating Facility. Any reference to the Site shall include, by definition, the surface and subsurface elements, including the soils and

groundwater present at such Site, and any reference to items "at the Site" shall include all items "at, on, in, upon, over, across, under and within" the Site.

"Steam Contracts" means the Agreement for Steam Service dated February 5, 1993 by and between COM/Energy Steam Company and President and Fellows of Harvard College and the Agreement for Steam Service dated August 25, 1992 by and between COM/Energy Steam Company and Genzyme Corporation.

"Steam Asset Purchase Agreement" has the meaning set forth in the preamble.

"Steam Generating Facility" has the meaning set forth in Section 1(a)(ii).

"T&D Assets" means the transmission, distribution, communication, substation and other assets (comprised of ducts, conduits, cables, wires, manholes, handholes, vaults, transformers, switchgear, service lines, grounding system and related or supporting equipment, facilities and appurtenances) located within the Retained Easements or in the public ways abutting the Real Property and necessary to current or future electric transmission and distribution operations of Seller (regardless of whether classified as a "transmission", "distribution" or "generation" asset for regulatory or accounting purposes).

"Taking" has the meaning set forth in Section 16(b).

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party" means a Person who is not a Party or an Affiliate of a Party.

"Third-Party Claim" has the meaning set forth in Section 18.

"Title Commitment" has the meaning set forth in Section 9(e).

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

**PRESIDENT AND FELLOWS OF HARVARD
COLLEGE**

By: _____

Name:

Title:

By: _____

Name:

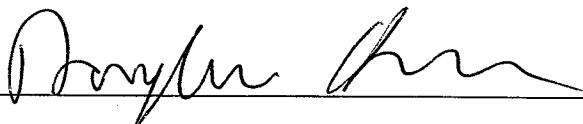
Title:

By: _____

Name:

Title:

CAMBRIDGE ELECTRIC LIGHT COMPANY

By: 

Name: Douglas S. Horan

Title: Senior Vice President

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

**PRESIDENT AND FELLOWS OF HARVARD
COLLEGE**

By: Sally Zuckhauser

Name: Sally Zuckhauser

Title: Vice President for Administration

By: Kathy A. Spiegelman

Name: Kathy A. Spiegelman

Title: Authorized signatory

By: Thomas E. Vartin

Name: Thomas E. Vartin

Title: Assoc. Vice President - Facilities & Environmental
Services

CAMBRIDGE ELECTRIC LIGHT COMPANY

By: _____

Name:

Title:

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TIRUBIN & RUDMAN

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NSTAR SERVICES LEGAL

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FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This First Amendment to Purchase and Sale Agreement (the "First Amendment") is entered into this 30th day of October, 2002 by and between PRESIDENT AND FELLOWS OF HARVARD COLLEGE, a charitable and educational corporation established under Harvard Charter 1650 from the General Courts of the Massachusetts Bay Colony, and ratified by the Constitution of Massachusetts in 1780 ("Buyer"), and CAMBRIDGE ELECTRIC LIGHT COMPANY, a Massachusetts corporation ("Seller").

Reference is made to the Purchase and Sale Agreement dated August 1, 2002 (the "Agreement") pursuant to which Buyer agreed to purchase certain real and personal property owned by Seller and located at Blackstone Station, Cambridge, Massachusetts.

Buyer and Seller agree as follows. Capitalized terms used herein shall have the meaning given them in the Agreement.

1. Section 2(b) of the Agreement is hereby amended by providing that the Inspection Period shall end at 5:00 p.m. local time on November 8, 2002.
2. All other provisions of the Agreement shall remain unchanged and are in full force and effect.
3. This Amendment shall take effect as an instrument under seal.

Executed under seal this 30th day of October, 2002.

PRESIDENT AND FELLOWS OF
HARVARD COLLEGE

By: [Signature]

Name: THOMAS EVARTIN

Title: ASSOC. VP FOR FACILITIES & SVCS

By: [Signature]

Name: SALLY ZECKHAUSER

Title: VICE PRESIDENT FOR ADMINISTRATION

By: [Signature]

Name: KATHY SPIEGELMAN

Title: ASSOC. VP, PLANNING, & REAL ESTATE

CAMBRIDGE ELECTRIC LIGHT
COMPANY

By: [Signature]

Name: ELLEN K. ANGLEY

Title: VICE PRESIDENT

STEAM ASSET PURCHASE AND SALE AGREEMENT

BETWEEN

PRESIDENT AND FELLOWS OF HARVARD COLLEGE

AND

NSTAR STEAM CORPORATION

August 1, 2002

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EXHIBITS

- A Due Diligence Protocol
- B Form of Bill of Sale
- C Form of Assignment of Leases, Licenses and Permits and Assumption Agreement
- D Form of Assignment and Transfer of Easement
- E Confidentiality and Nondisclosure Agreement

SCHEDULES

Schedule 1	Description of Steam Lines
Schedule 2	Plan of Steam Lines
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Schedule 5	Contracts
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Schedule 12	Seller's Condemnation Representation Schedule
Schedule 13	Seller's Insurance

PURCHASE AND SALE AGREEMENT

This Steam Asset Purchase and Sale Agreement ("Agreement") is entered into as of August 1, 2002, by and between PRESIDENT AND FELLOWS OF HARVARD COLLEGE, a charitable and educational corporation established under Harvard Charter 1650 from the General Courts of the Massachusetts Bay Colony, and ratified by the Constitution of Massachusetts in 1780 ("Harvard"), and NSTAR STEAM CORPORATION, a Massachusetts corporation ("Seller"). Harvard and Seller are each referred to herein as a "Party" or, together, as the "Parties."

On this date, Harvard and Cambridge Electric Light Company ("CELCo") have entered into a Purchase and Sale Agreement whereby CELCo agrees to sell to Harvard the real property and improvements known as Blackstone Station and the tangible personal property used to produce steam at Blackstone Station (the "CELCo Agreement"). This Agreement contemplates a transaction whereby Harvard will purchase certain assets of the Seller, NSTAR Steam Corporation, that are utilized for the distribution of steam at and from Blackstone Station. It is the intent of Harvard and Seller under this Agreement (and the intent of Harvard and CELCo under the CELCo Agreement) that all of the assets of Seller and CELCo used in the production and distribution of steam at and from Blackstone Station be transferred to Harvard under the CELCo Agreement and this Agreement. It is also the intent of the parties to the respective agreements that both agreements be consummated contemporaneously, and each is therefore conditioned on the consummation of the other.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, covenants and obligations herein contained, the Parties agree as follows:

1) Purchase and Sale of Assets.

- a) Acquired Assets. Seller agrees to sell, assign, convey, deliver and transfer to Harvard, and Harvard agrees to purchase from Seller at the Closing, subject to and upon the terms and conditions contained herein, free and clear of any Lien, the following properties and assets (collectively, the "Acquired Assets"):
 - i) The steam lines in Western Avenue servicing properties in Allston, Massachusetts and those steam lines necessary to fulfill Seller's obligations under the Steam Contracts, together with all easements and other appurtenant rights of Seller therein (collectively, the "Steam Lines"), as described in Schedule 1 and as shown on the plan attached as Schedule 2;
 - ii) All rights with respect to leasehold interests and rights thereunder relating to the Steam Lines, to the fullest extent assignable under applicable law, if and only if the leases are set forth on Schedule 3 (the "Leases"), unless such Leases are terminable by Seller without penalty, and Harvard elects to have Seller terminate such Lease(s) prior to Closing pursuant to the

provisions of Section 2(c) of this Agreement;

- iii) All certificates, licenses, grants of location, permits, approvals, consents, orders, exemptions, decisions and other actions of a Governmental Authority relating to the Steam Lines to the fullest extent assignable under applicable law or that will pass to Harvard as successor in title to the Steam Lines by operation of law, including without limitation those set forth on Schedule 4 (the "Permits");
 - iv) All rights of Seller under the contracts, agreements, and personal property leases relating to the ownership, use and operation of the Steam Lines or the Steam Generating Facility, if and only if listed in Schedule 5 (the "Contracts"), unless such Contracts are terminable without penalty and Harvard elects to have Seller terminate such Contracts prior to the Closing pursuant to the provisions of Section 2(c) of this Agreement; provided that the Seller shall retain the right to be indemnified under any such Contracts for pre-Closing occurrences for which it remains liable and for which Seller indemnifies Harvard hereunder;
 - v) All books, records, including but not limited to fuel purchase and use records, engineering designs, blueprints, as-built plans, specifications, procedures, studies, reports and equipment repair, safety, maintenance or service records of Seller relating to the design, construction, licensing, maintenance or operation of the Stream Lines including, but not limited to, Proprietary Information, but expressly excluding Seller's financial records and books of account;
 - vi) All rights of Seller, if any, to the name "Blackstone Station"; and
 - vii) All unexpired warranties, if any, from third parties with respect to the Steam Lines as described in Schedule 6.
- b) Excluded Assets. There shall be excluded from the Acquired Assets (described in Section 1(a)) to be sold, assigned, transferred, conveyed, or delivered to Harvard hereunder, and to the extent in existence on the Effective Date or on the Closing Date, there shall be retained by Seller, any and all right, title, or interest to the following assets, properties, and rights (collectively, the "Excluded Assets"):
- i) All Cash, accounts, and notes receivable, checkbooks and canceled checks, bank deposits and property or income tax receivables (except for property tax abatements to be apportioned pursuant to Section 5(c));
 - ii) All rights of Seller in and to any causes of action relating to any period through the Closing Date, including without limitation any refunds relating to Chapter 59 Taxes paid by Seller for any period prior to the Closing Date (except for property tax abatements to be apportioned

pursuant to Section 5(c)), insurance proceeds and condemnation awards for casualties or condemnations that occurred prior to the Effective Date (except to the extent otherwise provided in this Agreement); and

- iii) All rights of Seller to the names "Cambridge Steam Corporation", "COM/Energy Steam Company", "NSTAR Steam Corporation", any derivatives thereof, and all trademarks and trade names associated therewith.
- c) Assumed Liabilities. From and after the Closing, except as set forth in Section 1(d), Harvard will assume, satisfy or perform, on the terms and subject to the conditions set forth herein, all of the following Liabilities of Seller (the "Assumed Liabilities"):
- i) Liabilities for all Environmental Conditions of the Acquired Assets, any Environmental Claims arising or accruing from and after the Closing and resulting from Environmental Conditions of the Acquired Assets, and any Remediation arising from such Environmental Conditions or Environmental Claims;
 - ii) Liabilities arising or accruing from and after the Closing under (A) the Leases, Permits and Contracts, provided such Lease(s), Permit(s) and Contract(s) are listed on Schedule 3, 4, and 5 respectively, and provided further such Lease(s), Permit(s) and Contract(s) have been assigned to and accepted by Harvard, and (B) the other contracts, leases, and agreements entered into by Seller with respect to the Acquired Assets during the Interim Period; however, with respect to both (A) and (B), Seller retains Liability for a breach or default or violation by Seller on or prior to the Closing, and Seller retains Liability for Claims to the extent the same arise out of any such breach or default or violation thereof;
 - iii) Liabilities under the Permitted Encumbrances arising or accruing from and after the Closing; and
 - iv) Liabilities expressly allocated to Harvard in this Agreement, including, without limitation, Liabilities for Taxes allocated to Harvard pursuant to Section 5.

The provisions of this Section 1(c) shall survive the Closing.

- d) Excluded Liabilities. Notwithstanding any provision hereof to the contrary, Harvard shall not assume, pay or perform any Liabilities of Seller that are not expressly identified as an "Assumed Liability," including, but not limited to, the following (the "Excluded Liabilities"):
- i) Liabilities arising out of the Excluded Assets, or any other assets of Seller

that are not Acquired Assets, including, but not limited to, Liabilities for Environmental Conditions and Environmental Claims arising from the Excluded Assets, and for any Remediation arising from such Environmental Conditions or Environmental Claims;

- ii) Liabilities arising out of the transportation of Hazardous Materials from, or generated as a result of the ownership, use or operation of, the Steam Lines to an Offsite Hazardous Material Facility, provided the transportation occurred on or prior to the Closing;
- iii) Liabilities of Seller arising from the making or performance of this Agreement or a Related Agreement or the transactions contemplated hereby or thereby;
- iv) Liabilities in respect of Taxes attributable to the Acquired Assets or to the sale of the Acquired Assets for taxable periods ending on or before the Closing, except those Taxes expressly allocated to Harvard pursuant to Section 5(c);
- v) Liabilities arising from Seller's breach on or prior to the Closing of any contract, lease, permit or other instrument relating to the Acquired Assets including, but not limited to, the Contracts, Leases and Permits relating to or included within the Acquired Assets;
- vi) Liabilities for personal injury claims arising out of Environmental Conditions of the Acquired Assets, provided the Claim is based upon events or conditions occurring before the Closing;
- vii) Liabilities or obligations of Seller associated with the use or operation of the Acquired Assets or the business conducted with the Acquired Assets on or prior to the Closing, except for the Liabilities assumed by Harvard under subsection (c)(i) above; and
- viii) Liabilities under or arising from all agreements of Seller with respect to employment matters, including, but not limited to, collective bargaining and labor agreements, and Liabilities arising as a result of the transactions contemplated by this Agreement under the Laws of any Governmental Authority with respect to employment matters, including, but not limited to, collective bargaining agreements, notwithstanding any conflicting language in any such agreement.

The provisions of this Section 1(d) shall survive the Closing.

2) Inspection Contingency.

- a) Due Diligence. During the Inspection Period (as defined in Section 2(b) below),

Harvard, its agents and representatives shall be entitled to perform such inspections and tests of the Steam Lines including without limitation surveys, title examinations, engineering, environmental or geotechnical studies, as Harvard may elect to perform, and to examine the books and records, Contracts, Leases and Permits of Seller relating to the Acquired Assets. All such testing shall be conducted in accordance with the Due Diligence Protocol attached hereto as Exhibit A. Harvard is responsible for securing any permits, licenses or approvals required by any Governmental Authority for the performance of its due diligence activities. Before performing any invasive inspections or tests, Harvard shall furnish to Seller evidence of general comprehensive and contractual liability insurance coverage, on a claims made basis, of at least \$1,000,000 and insuring against such risks as Seller may reasonably require. Such insurance shall designate Seller as an additional insured for the negligent acts or omissions of Harvard, its agents and representatives. Harvard may self insure for all or any part of such insurance. If Harvard wishes to engage in any testing which will damage or disturb any portion of the Steam Lines, Harvard shall obtain Seller's prior written consent thereto, which shall not be unreasonably withheld, but may be reasonably conditioned as Seller may deem appropriate. It shall be Harvard's obligation to repair, at Harvard's sole cost and expense, any damage to the Steam Lines caused by any such tests or investigations (the "Repairs") and shall indemnify and defend Seller from any and all loss, cost, liabilities, claims, and expenses whatsoever (including reasonable attorneys' fees of counsel selected by Seller) arising out of any damage to persons or property caused by the actions of Harvard during the Inspection Period. The foregoing indemnification shall survive Closing or the earlier termination of this Agreement.

- b) Inspection Period. The term "Inspection Period," as used herein, shall mean the period from the execution hereof, ending at 5:00 p.m. Eastern Time on November 25, 2002. Harvard may, in its sole discretion, terminate this Agreement by giving written notice of such election to Seller before the end of the Inspection Period, in which event the Deposit shall be returned forthwith to Harvard and neither party shall thereafter have any further liability or obligation to the other by reason of this Agreement. In the absence of such written notice timely delivered, this Agreement shall continue in full force and effect and the Deposit shall be non-refundable from and after the termination of the Inspection Period provided that Seller has not interfered with Harvard's rights to inspect the Acquired Assets during the Inspection Period. If Harvard terminates this Agreement under this provision, it shall be deemed to constitute a full and final waiver and release by Harvard of any preemptive right in the nature of an option, right of first offer or right of first refusal, with respect to the Acquired Assets, or any portion thereof, and arising under any agreement or instrument between Harvard and Seller.
- c) Termination of Leases and Contracts. During the Inspection Period, Harvard shall have the right to review all Leases and Contracts. In the event that any of the Leases or Contracts are terminable without penalty upon notice by Seller to the respective tenant, or in the case of a Contract, the other party(ies) to said

Contract, and in the event that Harvard wishes to have Seller terminate said Lease and/or Contract, then Harvard shall give written notice to Seller on or before the end of the Inspection period requesting that Seller terminate said Lease and/or Contract. Upon receipt of said notice from Harvard, Seller shall use all Commercially Reasonable Efforts necessary to terminate the Lease and/or Contract by the Closing Date.

3) Purchase Price.

- a) Purchase Price. Harvard agrees to pay to Seller at the Closing the sum of Three Million Dollars \$3,000,000.00 (the "Purchase Price"). The amount of the proceeds to be delivered at the Closing shall be adjusted to account for adjustments and pro-rations pursuant to this Section and shall be payable in cash by wire transfer of immediately available funds to Seller in accordance with written instructions of Seller given to Harvard at least three (3) Business Days prior to the Closing.
- b) Adjustment to Purchase Price. The proceeds to be paid at the Closing shall be increased by the net book value of all fuel held by Seller at Blackstone Station as of the Closing.
- c) Allocation of Purchase Price. Harvard and Seller shall use their good faith best efforts to agree upon the allocation of the purchase price among the Acquired Assets consistent with Section 1060 of the Code and the Treasury regulations thereunder. Harvard and Seller, as required, agree to file IRS Form 8594 and all tax returns in accordance with such agreed allocation

4) Deposit.

- a) Cash Deposit. Within seven business days following the execution of this Agreement, Harvard shall deliver to Seller, in immediately available funds, a cash deposit in the amount of \$300,000.00 (the "Cash Deposit"). The Cash Deposit shall be held by Seller in escrow in an interest-bearing account, or in the form of interest bearing obligations of the US Treasury, accounted for at Closing and applied to the Purchase Price, or delivered upon earlier termination of this Agreement, in accordance with the provisions of this Agreement.
- b) Interest. The interest payable on the Cash Deposit shall be paid to the party entitled to the Cash Deposit under the provisions of this Agreement, but such interest shall have no effect on the Purchase Price.
- c) Letter of Credit. In lieu of the Cash Deposit, Harvard may, at its option, deliver to Seller a clean, irrevocable, unconditional stand-by letter of credit in form and substance reasonably acceptable to Seller and in the amount equal to the Cash Deposit due hereunder (the "Letter of Credit," together with the Cash Deposit referred to as the "Deposit"). The Letter of Credit (and any replacement thereto)

shall be drawn on a financial institution reasonably acceptable to Seller, which approval shall not be unreasonably withheld or delayed. If the financial institution on which the original Letter of Credit or any replacement Letter of Credit is drawn is declared insolvent, or placed into receivership, Harvard shall, within ten days thereafter, replace the then-outstanding Letter of Credit with a letter of credit in form and substance and drawn upon another financial institution reasonably acceptable to Seller. Harvard's obligation to provide the Letter of Credit shall terminate as of the Closing or earlier termination of this Agreement in accordance with the terms hereof.

- d) Refundability of Deposit. In the event Harvard terminates this Agreement pursuant to any provision allowing Harvard the election to terminate, then the Cash Deposit shall be fully refunded (or in the case of the Letter of Credit returned), to Harvard. In the event Harvard does not terminate this Agreement pursuant to any such provision, then, except in the event of a Seller default that is not timely cured, the full Deposit shall become the property of Seller, or if Harvard has provided a Letter of Credit, the full Purchase Price shall be paid at Closing and the Letter of Credit shall be returned to Harvard.

5) Proration.

- a) Items Prorated. Harvard and Seller agree that all of the items normally prorated, including those listed below, relating to the business and operations of the Acquired Assets will be prorated as of the Closing Date, with Seller liable to the extent such items relate to any period through and including the Closing Date, and Harvard liable to the extent such items relate to periods after the Closing Date: (A) Real Property Taxes, personal property taxes, assessments and other charges of the type that could give rise to a Permitted Encumbrance, if any, on or associated with the Acquired Assets; (B) rent and other items payable by or to Seller under any of the Contracts or Leases assigned to and assumed by Harvard hereunder; (C) any fees with respect to any Permit assigned to Harvard hereunder; (D) sewer rents and charges for water, gas, electricity and other utilities; and (E) any fees or charges imposed by any Governmental Authority.
- b) Estimated Closing Statement. Within ninety (90) days following the Effective Date, Seller shall prepare and deliver to Harvard an Estimated Closing Statement (the "Estimated Closing Statement") that shall set forth Seller's best estimate of all adjustments and pro-rations under this Agreement. Within ten (10) Business Days following the delivery of the Estimated Closing Statement by Seller to Harvard, Harvard may object in good faith to any item in writing. If Harvard objects to the Estimated Closing Statement, the Parties shall attempt to resolve such dispute by negotiation. If the Parties are unable to resolve such dispute prior to the Closing Date (or if Harvard fails to object to the Estimated Closing Statement), the Purchase Price shall be adjusted (the "Closing Adjustment") for the Closing by the amounts shown on the Estimated Closing Statement not in dispute, and the Parties shall resolve any disputed items following the Closing by

mediation, arbitration or other appropriate means.

- c) Proration of Real Estate and Personal Property Taxes. In connection with the prorations referred to in this Section, if the actual figures are not available at the Closing Date, the proration shall be based upon the actual Taxes or charges for the preceding year (or appropriate period) for which actual Taxes or charges are available and such Taxes or charges shall be re-prorated upon request of either Seller, on the one hand, or Harvard, on the other hand, made within sixty (60) days of the date the actual amounts become available. If the Taxes which are apportioned are thereafter reduced by abatement, the amount of such abatement, less the reasonable cost of obtaining the same, shall be apportioned between the Parties; provided that neither party shall be obligated to institute or prosecute an abatement unless otherwise agreed in writing. Seller and Harvard agree to furnish each other with such documents and other records that may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section.
- 6) The Closing.
- a) Time and Place. Unless otherwise agreed to by the Parties, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Rubin and Rudman LLP, 50 Rowes Wharf, Boston, Massachusetts, commencing at 9:00 a.m. Eastern Time on the date that is fifteen (15) days (or, if the fifteenth day is not a Business Day, then the next Business Day following such fifteenth day) following the date on which all of the conditions precedent to Closing set forth in Sections 12 and 13 have either been satisfied or waived by the Party for whose benefit such condition exists. If the Closing has not occurred by June 30, 2003, for reasons other than any action or omission constituting a breach of this Agreement by the Party seeking to terminate that is not timely cured, either Party, at its election, may terminate this Agreement by notice to the other, and (assuming no uncured breach by Harvard) all amounts paid or deposited by Harvard under this Agreement shall be returned to Harvard, and the Parties shall thereafter have no further obligation to, or recourse against, each other by reason of this Agreement.
 - b) Effective Time. The date of Closing is hereinafter called the "Closing Date." The Closing shall be effective for all purposes herein as of 11:59 p.m. Eastern Time on the Closing Date.
- 7) Deliveries by Seller at the Closing. At the Closing, Seller shall deliver the following to Harvard, duly executed and properly acknowledged, if appropriate:
- a) the Bill of Sale, substantially in the form attached hereto as Exhibit B, for the Steam Lines included in the Acquired Assets;
 - b) the Assignment and Assumption Agreement, substantially in the form attached

hereto as Exhibit C, in recordable form if necessary;

- c) the Assignment and Transfer of Easement, substantially in the form attached hereto as Exhibit D, in recordable form if necessary;
 - d) copies of all consents, waivers or approvals required of Seller pursuant to this Agreement with respect to the Acquired Assets, the transfer of the Permits (or the execution by Seller of those documents necessary for Harvard to apply for Permits that are not transferable) or the consummation of the transactions contemplated by this Agreement and the Related Agreements, to the extent specifically required under this Agreement or the Related Agreements;
 - e) a certificate from an authorized officer of Seller, dated the Closing Date, to the effect that, to such officer's Knowledge, the conditions set forth in Section 13 have been satisfied;
 - f) a copy, certified by the Clerk of Seller, of corporate resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and instruments attached as exhibits hereto and thereto, and the consummation of the transactions contemplated hereby and thereby;
 - g) a certificate of the Clerk of Seller which shall identify by name and title and bear the signature of the officers of Seller authorized to execute and deliver this Agreement and the Related Agreements and instruments attached as exhibits hereto and thereto;
 - h) an opinion or opinions from one or more counsel to Seller (who shall be reasonably satisfactory to Harvard and any of whom may be an employee of Seller), dated the Closing Date and reasonably satisfactory in form to Harvard and its counsel;
 - i) such other documents or instruments of sale, transfer, conveyance, assignment or assumption as Harvard and its counsel may reasonably request and Seller may agree to deliver in connection with the sale of the Acquired Assets and the performance of this Agreement. Seller shall execute and deliver at Closing customary closing affidavits with respect to mechanic's liens and parties in possession; and
 - j) a certificate stating that the representations and warranties set forth in Section 9 are true, correct and complete in all material respects as though made at and as of the Closing Date.
- 8) Deliveries by Harvard at the Closing. At the Closing, Harvard shall deliver to Seller, properly executed and acknowledged, if appropriate:
- a) the Purchase Price;

- b) the Assignment and Assumption Agreement, substantially in the form attached hereto as Exhibit C, and if necessary or desirable to Seller, in recordable form;
 - c) the Assignment and Transfer of Easement, substantially in the form attached hereto as Exhibit D, in recordable form if necessary;
 - d) a certificate from an authorized officer of Harvard, dated the Closing Date, to the effect that, to such officer's Knowledge, the conditions set forth in Section 12 have been satisfied;
 - e) a certificate of the Secretary of Harvard that shall identify by name and title the officers of Harvard authorized to execute and deliver the Agreement and the Related Agreements and instruments attached as exhibits hereto and thereto;
 - f) an opinion or opinions from one or more counsel to Harvard (who shall be reasonably satisfactory to Seller and any of whom may be an employee of Harvard), dated the Closing Date and reasonably satisfactory in form to Seller and its counsel;
 - g) such other documents or instruments of sale, transfer, conveyance, assignment or assumption as Seller and its counsel may reasonably request and Harvard may agree to deliver in connection with the sale of the Acquired Assets, the assumption of the Assumed Liabilities and the performance of this Agreement; and
 - j) a certificate stating that the representations and warranties set forth in Section 10 are true, correct and complete in all material respects as though made at and as of the Closing Date.
- 9) Representations, Warranties and Disclaimers of Seller. Seller represents and warrants to Harvard that, to Seller's Knowledge, the statements contained in this Section 9 are true, correct and complete as of the Effective Date:
- a) Organization of Seller. Seller is duly organized, validly existing and in good standing under the laws of The Commonwealth of Massachusetts.
 - b) Authorization of Transaction. Seller has full corporate power and authority to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder. All corporate actions or proceedings to be taken by or on the part of Seller to authorize and permit the due execution and valid delivery by Seller of this Agreement and the Related Agreements and the instruments required to be duly executed and validly delivered by Seller pursuant hereto and thereto, the performance by Seller of its obligations hereunder and thereunder, and the consummation by Seller of the transactions contemplated herein and therein, have been duly and properly taken. This Agreement has been

duly executed and validly delivered by Seller and constitutes the valid and legally binding obligation of Seller, enforceable in accordance with its terms and conditions, and when each Related Agreement has been executed and delivered, such Related Agreement will likewise constitute a valid and legally binding obligation of Seller, enforceable in accordance with its terms.

- c) Noncontravention. Neither the execution and the delivery of this Agreement or any of the Related Agreements, nor the consummation of the transactions contemplated hereby and thereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, license or other restriction of any Governmental Authority to which Seller or any of its property is subject or any provision of the articles of organization or by-laws of Seller, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Seller is bound or to which any of the Acquired Assets is subject (or result in the imposition of any Lien upon any of the Acquired Assets), except for matters that, in the aggregate, will not have a Material Adverse Effect or that are disclosed in Schedule 7 or any other Schedule.
- d) Brokers' Fees. Seller has no Liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Harvard could become liable or obligated.
- e) Title to Acquired Assets. Except for Permitted Encumbrances, Seller holds good title to or a valid leasehold interest in the Acquired Assets.
- f) Taxes. Seller has filed all Tax Returns that it was required to file, and has paid all Taxes that have become due as indicated thereon, except where Seller is contesting the same in good faith by appropriate proceeding, where the failure so to file or pay could have a Material Adverse Effect. There is no unpaid Tax due and payable that could have a Material Adverse Effect on Harvard's ownership, operation or use of the Acquired Assets after the Closing for which Harvard could become liable.
- g) Permits. Seller has all Permits required for the use and operation of the Steam Lines and, to the extent Seller is required to hold such Permits, the Steam Generating Facility, all such Permits are in full force and effect, and no proceedings for the suspension or cancellation of any of such Permits are pending or threatened, except for matters that, in the aggregate, will not have a Material Adverse Effect.
- h) Contracts and Leases. Except for the Contracts and Leases listed in Schedule 8, Seller is not a party to any written contract, purchase order, agreement, personal property lease, commitment, understanding or instrument with respect to the

Acquired Assets that is expected to continue in force and effect after the Closing. Each Contract, Lease or agreement referred to (i) constitutes, or will at the Closing constitute, a valid and binding obligation of Seller, (ii) is, and at the Closing will be, in full force and effect, and (iii) except as disclosed in Schedule 8, may be assigned to Harvard pursuant to this Agreement and will continue in full force and effect thereafter, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder. Except as set forth in Schedule 8, there is not, under any Contract or Lease, any default or event which, with notice or lapse of time or both, would constitute a default on the part of Seller, except such events of default and other events as to which requisite waivers have been obtained.

- i) Compliance With Laws and Permits. Seller has not violated Laws, except for violations that, in the aggregate, would not have a Material Adverse Effect. Seller has received no written notice from any Governmental Authority that Seller's current use and/or operation of the Acquired Assets violates or allegedly violates any Laws and/or Permit required for the use and/or operation of the Acquired Assets except as disclosed in Schedule 9.
- j) Proceedings. Except as disclosed in Schedule 10, there is no claim, action, suit, inquiry, proceeding or investigation pending or threatened against or involving Seller that seeks to prevent, enjoin or materially alter or delay the transactions contemplated hereby, or that, if adversely determined, would have a Material Adverse Effect. . Seller is not subject to any order, writ, injunction, or decree that would prevent, enjoin, or materially alter or delay the transactions contemplated hereby. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed against Seller that, in the aggregate, have a Material Adverse Effect.
- k) Environmental Matters.
 - (i) Seller's use and operation of the Acquired Assets is in compliance with all Environmental Laws applicable to the Acquired Assets, except for matters that would not have a Material Adverse Effect;
 - (ii) Seller has not received written notice of, nor is Seller the subject of, any Environmental Claim with respect to the Acquired Assets that would, individually or in the aggregate, have a Material Adverse Effect and that remain(s) outstanding or unresolved; and
 - (iii) Except as disclosed in Schedule 11 Seller has not reported any Release at or from the Acquired Assets, and Seller is not conducting any Remediation at or with respect to the Acquired Assets, and Seller has not received any written or oral request for information under Section 104 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9604) ("CERCLA") or other Environmental

Law, or been notified in writing that it is a potentially responsible party or a responsible party under CERCLA or M.G.L. Chapter 21E with respect to a Release or a potential Release at or from the Acquired Assets.

- l) Condemnation. Except as set forth in Schedule 12, Seller has received no written notice from any Governmental Authority of any pending or threatened proceeding to condemn or take by power of eminent domain or otherwise, by any Governmental Authority, all or any part of the Acquired Assets.

- m) Disclaimers Regarding Acquired Assets. EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS SECTION 9, THE ACQUIRED ASSETS ARE SOLD "AS IS, WHERE IS" AS OF THE EFFECTIVE DATE, AND IN THEIR CONDITION AS OF THE EFFECTIVE DATE, AND SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO LIABILITIES, OPERATIONS OF THE STEAM LINES, TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE ACQUIRED ASSETS AND SELLER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ACQUIRED ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT (INCLUDING THE EXISTENCE OF ANY ENVIRONMENTAL CONDITIONS), OR COMPLIANCE WITH ENVIRONMENTAL LAWS, OR AS TO THE CONDITION OF THE ACQUIRED ASSETS, OR ANY PART THEREOF, OR WHETHER SELLER POSSESSES SUFFICIENT INTERESTS IN REAL PROPERTY OR PERSONAL PROPERTY TO OPERATE THE ACQUIRED ASSETS. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS MATERIALS OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS WITH RESPECT TO THE ACQUIRED ASSETS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE ACQUIRED ASSETS, OR THE SUITABILITY OF THE ACQUIRED ASSETS FOR OPERATION AS A STEAM PRODUCTION AND DISTRIBUTION FACILITY, AND NO OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY SELLER OR ITS AGENTS, OR ANY ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST PROVIDED TO HARVARD, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR

IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS, OR ANY OF THE FOREGOING MATTERS.

- 10) Representations and Warranties of Harvard. Harvard represents and warrants to Seller, to Harvard's Knowledge, that the statements contained in this Section 10 are correct and complete as of the Effective Date.
- a) Organization of Harvard. Harvard, a charitable and educational corporation established under Harvard Charter 1650 from the General Courts of the Massachusetts Bay Colony, and ratified by the Constitution of Massachusetts in 1780, is duly organized and validly existing.
 - b) Authority of Transaction. Harvard has full corporate power and authority to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder. All corporate actions or proceedings to be taken by or on the part of Harvard to authorize and permit the due execution and valid delivery by Harvard of this Agreement and the instruments required to be duly executed and validly delivered by Harvard pursuant hereto and thereto, the performance by Harvard of its obligations hereunder and thereunder, and the consummation by Harvard of the transactions contemplated herein and therein, have been duly and properly taken. This Agreement has been duly executed and validly delivered by Harvard and constitutes the valid and legally binding obligation of Harvard, enforceable in accordance with its terms and conditions and when each Related Agreement has been executed and delivered, such Related Agreement will likewise constitute a valid and legally binding obligation of Harvard, enforceable in accordance with its terms.
 - c) Noncontravention. Neither the execution and the delivery of this Agreement or any of the Related Agreements, nor the consummation of the transactions contemplated hereby and thereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, license or other restriction of any Governmental Authority to which Harvard is subject or any provision of the articles of organization or bylaws of Harvard or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Harvard is a party or by which it is bound or to which any of its assets is subject.
 - d) Brokers' Fees. Harvard has no Liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Seller could become liable or obligated.
 - e) Litigation. No claim, demand, action or suit is pending or threatened that would be reasonably likely to result in Harvard being unable to consummate the

transactions contemplated herein, or that questions the validity of this Agreement or the Related Agreements, or of any action taken or to be taken pursuant to or in connection with the provisions of this Agreement or the Related Agreements. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed against Harvard that impair, estop, impede, restrain, ban or otherwise adversely affect Harvard's ability to satisfy or perform all of the Assumed Liabilities under any federal, state or local Law.

- f) No Knowledge of Seller's Breach. On the Effective Date, Harvard has no Knowledge of any breach by Seller of any representation or warranty contained in Section 9 hereof, or of any condition or circumstance that would excuse Harvard from performance of its obligations under this Agreement or the Related Agreements.
- g) "As Is" Sale. The representations and warranties set forth in Section 9 and Section 10 hereof constitute the sole and exclusive representations and warranties of Seller and Harvard in connection with the transactions contemplated hereby. There are no representations, warranties, covenants, understandings or agreements between the Parties regarding the Acquired Assets or their transfer other than those incorporated in this Agreement. Except for the representations and warranties expressly set forth in Section 9, Harvard disclaims reliance on any representations, warranties or guarantees, either express or implied by Seller, including but not limited to any representation or warranty expressed or implied in any oral, written or electronic response to any information request provided to Harvard. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, HARVARD ACKNOWLEDGES AND AGREES THAT THE ACQUIRED ASSETS ARE BEING ACQUIRED "AS IS, WHERE IS" AS OF THE EFFECTIVE DATE, AND IN THEIR CONDITION AS OF THE EFFECTIVE DATE, AND THAT HARVARD IS RELYING ON ITS OWN EXAMINATION OF THE ACQUIRED ASSETS, AND IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY MADE BY SELLER OR ITS AGENTS, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 9 AND IN THE INSTRUMENTS OF TRANSFER AND CONVEYANCE.

11) Covenants. The Parties agree as follows:

- a) General. Each of the Parties will use its best efforts to take all actions and to do all things necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement and the Related Agreements (including satisfaction, but not waiver, of the closing conditions set forth in Sections 12 and 13 below).
- b) Notices, Consents and Approvals. Seller and Harvard shall cooperate with each other and use all Commercially Reasonable Efforts to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices,

petitions and filings and execute all agreements and documents, (iii) obtain the transfer, issuance or re-issuance to Harvard of all Permits and (iv) obtain all necessary consents, approvals and authorizations of all other parties necessary or advisable to consummate the transactions contemplated by this Agreement or in any of the Related Agreements or required by the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which Seller or Harvard is a party or by which either of them is bound. Both Parties shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement or in any of the Related Agreements that appear in any filing made by either Party in connection with the transactions contemplated hereby or thereby.

c) Operation of the Acquired Assets During Interim Period.

- i) Operations. During the Interim Period, Seller will operate and maintain the Acquired Assets in the ordinary course consistent with Prudent Industry Practices, unless otherwise contemplated by this Agreement or with the prior written consent of Harvard. From the expiration of the Inspection Period to the Closing, Seller and Harvard agree to abide by the obligations contained in Section 2.4 of the Operating Agreement between NSTAR Steam Corporation and President and Fellows of Harvard College dated August 1, 2002. Without limiting the generality of the foregoing, Seller shall not, without the prior written consent of Harvard, during the Interim Period, with respect to the Acquired Assets:
 - (A) sell, lease (as lessor), transfer or otherwise dispose of, any of the Acquired Assets, other than as used, consumed or replaced in the ordinary course of business consistent with Prudent Industry Practices, or encumber, pledge, mortgage or suffer to be imposed on any of the Acquired Assets any encumbrance other than Permitted Encumbrances;
 - (B) make any material change in the levels of Inventories customarily maintained by Seller with respect to the Acquired Assets, except for such changes that are consistent with Prudent Industry Practices;
 - (C) terminate or materially amend any of the Leases, Contracts or the Permits, except as may be necessary in order to transfer Seller's rights thereunder to Harvard at the Closing, or otherwise comply with the terms of this Agreement;
 - (D) enter into any contract or commitment affecting the Acquired Assets which individually exceeds \$25,000.00 or in the aggregate exceeds \$100,000.00, unless such contract or commitment is to be

fully performed prior to the Closing or can be terminated by Harvard at its option at any time following the Closing without penalty or cancellation charge; or

- (E) enter into any steam supply contract or renew or extend any existing Steam Contract(s).
- ii) Insurance. During the Interim Period, Seller shall maintain insurance coverage with respect to the Acquired Assets in the manner and at levels currently insured, but in no event less than full replacement value. Evidence of Seller's insurance is attached as Schedule 13.
- d) Interim Period Notice. The Parties shall provide the following notice:
 - i) After the expiration of the Inspection Period, Harvard shall notify Seller promptly if any information comes to Seller's attention after the end of the Inspection Period that would or might excuse Harvard from the performance of its obligations under this Agreement or the Related Agreements or would or might cause any condition to close set forth in Sections 12 or 13 not to be satisfied. If Harvard fails to so notify Seller within thirty (30) days of obtaining Knowledge of such information, Harvard shall be deemed to have waived (A) the right to be excused from such performance or (B) the fulfillment of such conditions.
 - ii) Seller shall notify Harvard promptly if any information comes to its attention that would or might excuse Seller from the performance of its obligations under this Agreement or the Related Agreements or would or might cause any condition to close set forth in Sections 12 or 13 not to be satisfied. In the event that Seller fails to so notify Harvard within thirty (30) days of obtaining Knowledge of such information, Seller shall be deemed to have waived (A) the right to be excused from such performance or (B) the fulfillment of such conditions.
 - iii) Seller shall notify Harvard of the existence of any matter that, if in existence on the Effective Date or the Closing Date, would or might cause any of the representations or warranties in Section 9 above to be untrue or incorrect. Unless Harvard has the right to terminate this Agreement pursuant to Section 19(a)(ii)(E) below by reason of such notice and exercises that right within the period of 30 days referred to in Section 19(a)(ii)(E) below, the written notice pursuant to this Section 11(d)(iii) shall be deemed to have amended the appropriate Schedule or Schedules as of the Effective Date, to have qualified the representations and warranties contained in Section 9 above as of the Effective Date, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the existence of such matter.

- iv) Harvard shall notify Seller of the existence of any matter that, if in existence on the Effective Date or the Closing Date, would or might cause any of the representations or warranties in Section 10 above to be untrue or incorrect. Unless Seller has the right to terminate this Agreement pursuant to Section 19(a)(iii)(D) below by reason of such notice and exercises that right within the period of 30 days referred to in Section 19(a)(iii)(D) below, the written notice pursuant to this Section 11(d)(iv) shall be deemed to have amended the appropriate Schedule or Schedules as of the Effective Date, to have qualified the representations and warranties contained in Section 10 above as of the Effective Date, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the existence of such matter.

12) Conditions to Obligation of Harvard to Close. The obligation of Harvard to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions precedent:

- a) Representations and Warranties. The representations and warranties set forth in Section 9 above shall be true, correct and complete in all material respects as though made at and as of the Closing Date.
- b) Performance by Seller. Seller shall have performed and complied in all material respects with all of its covenants, agreements and obligations hereunder through the Closing.
- c) Absence of Litigation. No suit, action or other proceeding against any Party or its Affiliates or any of the Acquired Assets shall be pending before any Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain damages or other relief in connection with this Agreement or the actions contemplated hereby, except for matters that, in the aggregate, will not have a Material Adverse Effect. There shall not be any injunction, judgment, order, decree, ruling, charge or laws in effect preventing consummation of any of the transactions contemplated by this Agreement or the Related Agreements, except as shall not have a Material Adverse Effect.
- d) Deliveries. Seller shall have complied in all material respects with the delivery requirements of Section 7.
- e) Material Adverse Effect. Since the Effective Date, there shall not have occurred and be continuing a Material Adverse Effect, other than such arising from facts or circumstances (i) that were within Harvard's Knowledge on the Effective Date and were not required to be corrected before Closing by this Agreement, or (ii) that were disclosed on any of the Schedules.
- f) Waiver. Harvard may waive any condition specified in this Section 12, if it

executes a writing so stating at or prior to the Closing and such waiver shall not be considered a waiver of any other provision in this Agreement unless the writing specifically so states.

- 13) Conditions to Obligation of Seller to Close. The obligation of Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:
- a) Representations and Warranties. The representations and warranties set forth in Section 10 above shall be true, correct and complete in all material respects as though made at and as of the Closing Date.
 - b) Performance by Harvard. Harvard shall have performed and complied in all material respects with all of its covenants, agreements and obligations hereunder through the Closing.
 - c) Absence of Litigation. No suit, action or other proceeding against any Party or its Affiliates or any of the Acquired Assets shall be pending before any Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain damages or other relief in connection with this Agreement or the actions contemplated hereby. There shall not be any injunction, judgment, order, decree, ruling, charge or laws in effect preventing consummation of any of the transactions contemplated by this Agreement or the Related Agreements.
 - d) Deliveries. Harvard shall have complied in all material respects with the delivery requirements of Section 8.
 - e) Waiver. Seller may waive any condition specified in this Section 13 if it executes a writing so stating at or prior to the Closing and such waiver shall not be considered a waiver of any other provision in this Agreement unless the writing specifically so states.
 - f) CELCo Agreement Closing. The Closing under the CELCo Agreement shall have occurred, or shall occur contemporaneously with the Closing hereunder.
- 14) Further Assurances.
- a) Additional Instruments. At any time and from time to time after the Closing, without further payment, at the request of a Party, the other Party will execute and deliver such instruments of sale, transfer, conveyance, assignment and confirmation and take such action as is necessary to transfer, convey and assign to Harvard, and to confirm Harvard's title to or interest in the Acquired Assets.
 - b) Omitted Assets. In the event that any asset that is an Acquired Asset shall not have been fully conveyed to Harvard at the Closing, Seller shall, without further

payment, use its best efforts to confirm and perfect such conveyance to Harvard as promptly as is practicable after the Closing.

- c) Assigned Contracts. To the extent that Seller's rights under any contract included as an Acquired Asset may not be assigned without the consent of another Person which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at its expense, shall use Commercially Reasonable Efforts to obtain any such required consent(s) as promptly as possible. Seller and Harvard agree that if any consent to an assignment shall not be obtained, or if any attempted assignment would be ineffective, or would impair Harvard's rights and obligations under the contract in question, so that Harvard would not in effect acquire the benefit of all such rights and obligations, Seller, to the maximum extent permitted by law and by such contract, shall, after the Closing, appoint Harvard to be Seller's agent with respect to such contract, and Seller shall, to the maximum extent permitted by law and by such contract, enter into such reasonable arrangements with Harvard as are necessary to provide Harvard with the benefits and obligations of such contract. Seller and Harvard shall cooperate and shall each use Commercially Reasonable Efforts after the Closing to obtain an assignment of such contract to Harvard; provided that Harvard shall not have any obligation to offer or pay any consideration in order to obtain any such consents.
- d) Taking Claim. To the extent that, in the event of a Taking, an assignment of Seller's rights against the condemning authority shall not be sufficient to allow Harvard to prosecute claims for compensation against the condemning authority, Seller shall cooperate with Harvard, including, if necessary, maintaining and prosecuting an action against the condemning authority in the name of Seller, however, at the sole cost and expense of Harvard.

15) Cooperation after Closing.

- a) Records and Support. After the Closing Date, Seller shall have reasonable access to, and the right to copy, all of the records, books and documents related to the Acquired Assets to the extent that Seller has delivered such records, books and documents to Harvard at or in connection with the Closing and to the extent that such access may reasonably be required by Seller in connection with matters relating to or affected by the operation of the Acquired Assets by Seller prior to the Closing Date. Such access shall be afforded by Harvard upon receipt of reasonable advance notice and during normal business hours. Seller shall be solely responsible for any costs or expenses incurred by it pursuant to this Section. However, Harvard will not have any obligation to Seller under this Agreement to maintain any records, books or documents relating to operations prior to Closing beyond ten (10) years from the Closing Date. If Harvard shall desire to dispose of any of records, books or documents that may relate to Steam Lines and/or Steam Generating Facility prior to the Closing Date, Harvard shall,

prior to such disposition, give to Seller a reasonable opportunity, at Seller's expense, to segregate and remove such records, books or documents as Seller may select.

- b) Proceedings. Both parties agree to cooperate with each other in connection with any investigation by any Governmental Authority, litigation or regulatory or other proceeding which may arise following the Closing Date and which relates to the Steam Lines and/or Steam Generating Facility by Seller prior to the Closing Date. Seller shall reimburse Harvard for all reasonable expenses incurred by Harvard in connection therewith.

This Section 15 shall survive the Closing.

16) Risk of Loss.

- a) Casualty Loss. If during the Interim Period the Acquired Assets, or portions thereof, are damaged by fire or other casualty (each such event, a "Casualty Loss"), then the following provisions shall apply:
 - i) If such Casualty Loss would preclude or materially and substantially interfere with the continued operation of the Acquired Assets or result in a Material Adverse Effect then, at Harvard's election, this Agreement shall terminate as of the date of the Casualty Loss, the Deposit under this Agreement shall be returned to Harvard, and the Parties shall thereafter have no further obligation to, or recourse against, each other by reason of this Agreement. In all other events, subsection 16(a)(ii) shall apply. If Harvard terminates this Agreement under this provision, it shall be deemed to constitute a full and final waiver and release by Harvard of any preemptive right in the nature of an option, right of first offer or right of first refusal, with respect to the Acquired Assets, or any portion thereof, and arising under any agreement or instrument between Harvard and Seller.
 - ii) In the event Harvard does not have the election, or does not elect to terminate this Agreement in accordance with Section 16(a)(i) above, Seller shall use all Commercially Reasonable Efforts to collect the proceeds of all applicable insurance with respect to such Casualty Loss, less any costs and expenses reasonably incurred by Seller in obtaining such insurance proceeds ("Net Proceeds"), and such Net Proceeds, to the extent collected by Seller and not applied to the immediate repair or restoration of the Casualty Loss, shall be held for the benefit of Harvard and duly accounted for at Closing. In addition, Harvard shall receive a credit at Closing equal to the sum of (A) any deductibles under Seller's applicable policies, and (B) any amount that is determined to be uncollectible under any policy due to any act, omission or fault of Seller. Seller shall assign to Harvard at Closing all claims with respect to such Casualty Loss that are not finally

determined prior to Closing, and the Parties shall proceed to Closing without any further adjustment in the Purchase Price.

- iii) In the event of any one or more Casualty Losses for which Seller actually collects insurance proceeds, Seller shall not be required to, but may, in consultation with Harvard, proceed to repair or restore the damage, in a good and workmanlike manner consistent with Prudent Industry Practices, but only to the extent of Net Proceeds received plus any deductible and self-insurance amounts payable by Seller.
- b) Taking. If during the Interim Period the Acquired Assets, or portions thereof, are taken by a Governmental Authority by exercise of the power of eminent domain (each, a "Taking"), then the following provisions shall apply:
 - i) If such Taking would preclude or materially and substantially interfere with the continued operation of the Acquired Assets or result in a Material Adverse Effect then, at Harvard's election, this Agreement shall terminate as of the date of the Taking, the Deposit under this Agreement shall be returned to Harvard, and the Parties shall thereafter have no further obligation to, or recourse against, each other by reason of this Agreement. In all other events, subsection 16(b)(ii) shall apply. If Harvard terminates this Agreement under this provision, it shall be deemed to constitute a full and final waiver and release by Harvard of any preemptive right in the nature of an option, right of first offer or right of first refusal, with respect to the Acquired Assets, or any portion thereof, and arising under any agreement or instrument between Harvard and Seller.
 - ii) In the event Harvard does not elect to terminate this Agreement in accordance with Section 16(b)(i) above, Seller shall (A) not waive, settle or compromise any causes of action against the condemning authority, and (B) use all Commercially Reasonable Efforts to collect the Net Proceeds of all pro-tanto awards from the condemning authority with respect to such Taking, and such Net Proceeds shall be held for the benefit of Harvard and duly accounted for at Closing. In addition, Seller shall assign to Harvard at Closing all claims against the condemning authority and all rights to any further recovery of compensation with respect to such Taking, and the Parties shall proceed to Closing without any adjustment in the Purchase Price.

17) Confidentiality.

The respective rights and obligations of the Parties with regard to confidentiality shall be governed by the terms of the Confidentiality and Non-Disclosure Agreement between the Parties dated as of June 28, 2002, a copy of which is attached hereto as Exhibit E.

18) Effect of Closing and Indemnification.

- a) Non-Survival of Representations and Warranties; Survival of Covenants and Agreements. The representations and warranties set forth in this Agreement and in any certificate or instrument delivered in connection herewith shall terminate at the Closing or the earlier termination of this Agreement pursuant to its terms, as the case may be. The covenants and agreements contained in this Agreement that by their terms survive the Closing or termination of this Agreement shall survive such Closing or termination, as the case may be, and all other covenants and agreements shall terminate at the Closing or the earlier termination of this Agreement pursuant to its terms, as the case may be.
- b) Effect of Closing. Except as otherwise provided herein, upon the Closing, any condition in favor of either Party that has not been satisfied, or any representation, warranty or covenant that has been breached or left unsatisfied by either Party, will be deemed waived by the Parties as of the Closing Date, and each Party will be deemed to fully release and forever discharge the other Party on account of any and all claims, demands or charges, known or unknown, with respect to the same. Nothing in this provision shall affect or cause to be waived those matters specifically stated to survive or to occur after the Closing pursuant to this Agreement.
- c) Indemnity by Seller. From and after the Closing, Seller will indemnify, defend and hold harmless Harvard, its Affiliates and any of their respective officers, members of governing boards, directors, employees, and agents (the "Harvard Indemnified Party") against and in respect of all Claims asserted against or suffered by the Harvard Indemnified Party relating to, resulting from or arising out of the following:
- i) Any Liability with respect to the Acquired Assets under any bulk transfer law of any jurisdiction;
 - ii) To the extent not expressly assumed by Harvard pursuant to the terms of the Agreement or the Related Agreements, Seller's ownership, operation or use of the Acquired Assets or, to the extent applicable to Seller, the Steam Generating Facility, or the business and/or operations conducted with or with respect to the Acquired Assets or, to the extent applicable to Seller, the Steam Generating Facility, on or prior to the Closing;
 - iii) The Excluded Assets;
 - iv) Liabilities not assumed by Harvard pursuant to Section 1(c) including, but not limited to, the Excluded Liabilities set forth in Section 1(d);
 - v) Any breach by Seller of any covenant, agreement or obligation of Seller contained in this Agreement or any certificate required to be delivered by Seller pursuant to this Agreement;

- vi) Any intentional misrepresentation or fraudulent breach of representation or warranty by Seller;
- vii) Any contracts, leases or other agreements or commitments entered into or made by Seller with respect to the Acquired Assets, unless Harvard has agreed to assume Liabilities under such agreements or commitments; and
- viii) Liens on the Acquired Assets arising before or as a result of the Closing.

Notwithstanding the foregoing, Harvard will be liable for the first \$25,000 in such Claim(s) and Seller's obligations under this provision do not arise until Claim(s) totaling \$25,000, individually or in the aggregate, have been asserted against Harvard

- d) Indemnity by Harvard. From and after the Closing, Harvard will indemnify, defend, and hold harmless Seller, its Affiliates and any of their respective officers, members of governing boards, directors, employees, and agents (the "Seller Indemnified Party") against and in respect of all Claims asserted against or suffered by Seller Indemnified Party relating to, resulting from or arising out of the following:
 - i) To the extent not expressly retained by Seller pursuant to the terms of this Agreement or the Related Agreements, Harvard's ownership, operation or use of the Acquired Assets, or the business conducted with, or with respect to, the Acquired Assets, after the Closing;
 - ii) The Contracts, Leases or Permits, or any agreements that have been transferred or assigned to Harvard by Seller, except to the extent the Claim arises from a breach of the contract or agreement including, but not limited to, Contracts, Leases and Permits relating to or included within the Acquired Assets, by Seller prior to, or as a result of, the Closing;
 - iii) The Assumed Liabilities;
 - iv) Any breach by Harvard of any covenant, agreement or obligation of Harvard contained in this Agreement or any certificate required to be delivered by Harvard pursuant to this Agreement; and
 - v) Any intentional misrepresentation or fraudulent breach of representation or warranty by Harvard.

Notwithstanding the foregoing, Seller will be liable for the first \$25,000 in such Claim(s) and Harvard's obligations under this provision do not arise until Claim(s) totaling \$25,000, individually or in the aggregate, have been asserted against Seller.

- e) Exclusive Remedy. From and after the Closing, the remedies set forth in this

Section 18 constitute the sole and exclusive remedy for any and all claims, damages, complaints, demands, causes of action, investigations, hearings, actions, suits or other proceedings relating to this Agreement and are in lieu of any and all other rights and remedies which Seller or Harvard may have under this Agreement or otherwise for monetary relief with respect to any breach or failure to perform or with respect to the Assumed or Excluded Liabilities, other than equitable remedies for fraud, and except for obligations to be performed after the Closing hereunder. Each Party waives any provision of law to the extent that it would limit or restrict the agreements contained in this Section 18. Nothing herein shall prevent either Party from terminating this Agreement in accordance with Section 19. Nothing herein shall be construed to limit Harvard's right to bring a Claim against Seller arising out of matters unrelated to this Agreement or the transactions contemplated hereby.

f) Matters Involving Third Parties.

- i) If any Third Party shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third-Party Claim") that may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 18, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.
- ii) Any Indemnifying Party will have the right to defend, at its expense, the Indemnified Party against the Third-Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within fifteen days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any losses the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim, (B) the Indemnifying Party provides the Indemnified Party with evidence acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder, (C) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief, settlement of, or an adverse judgment with respect to, the Third-Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice adverse to the continuing business interests of the Indemnified Party, and (D) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently.
- iii) So long as the Indemnifying Party is conducting the defense of the Third-

Party Claim in accordance with subsection (ii) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third-Party Claim without the prior written consent of the Indemnifying Party (which consent shall not unreasonably be withheld), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third-Party Claim, unless written agreement is obtained releasing the Indemnified Party from all liability thereunder.

iv) In the event any of the conditions in subsection (ii) above is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third-Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third-Party Claim (including attorneys' fees and expenses, notwithstanding Section 20(n)), and (C) the Indemnifying Party will remain responsible for any losses the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim to the fullest extent provided in this Section 18

g) Release. Effective only as of the Closing, Harvard releases, holds harmless and forever discharges Seller from any and all Environmental Claims resulting from or arising from any Environmental Condition of the Acquired Assets, except for Environmental Claims arising out of the Excluded Liabilities retained by Seller pursuant to Section 1(d). With respect thereto, Harvard hereby waives any and all rights and benefits that it now has, or in the future may have conferred upon it by virtue of any statute or common law principle which provides that a general release does not extend to claims that a party does not know or suspect to exist in its favor at the time of such release, which if known, would have materially affected such Party's settlement with the other Party. In this connection, Harvard hereby acknowledges that factual matters now unknown to it may have given or may hereafter give rise to Environmental Claims that are presently unknown, unanticipated and unsuspected, and it further agrees that this release has been negotiated and agreed upon in light of that awareness, and it nevertheless hereby intends to release Seller from the Claims described in the first sentence of this Section.

h) No Recourse. To the extent the transfer, conveyance, assignment and delivery of the Acquired Assets to Harvard as provided in this Agreement is accomplished by assignments, easements, leases, licenses, bills of sale, or other instruments of transfer and conveyance, whether executed at the Closing or thereafter, these

instruments are made without representation or warranty by, or recourse against, Seller, except as expressly provided in this Agreement or in any such instrument.

i) Survival. The provisions of this Section 18 shall survive the Closing.

19) Termination.

a) Termination of Agreement. The Parties may terminate this Agreement as provided below:

- i) the Parties may terminate this Agreement by mutual written consent at any time prior to the Closing;
- ii) Harvard may terminate this Agreement by giving written notice to Seller at any time prior to the Closing if any of the following has occurred: (A) if Seller has breached any representation, warranty or covenant contained in this Agreement in any material respect, Harvard has notified Seller of the breach, and the breach has continued without cure for a period of thirty (30) days after the notice of breach; (B) one or more courts of competent jurisdiction shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, which order, judgment or decree shall have become Final; (C) any statute, rule, or regulation shall have been enacted by any Governmental Authority that directly or indirectly prohibits the consummation of the transactions contemplated hereby; (D) in accordance with Section 2(b), Section 6(a) or Section 16(a) and 16(b) hereof; or (E) Seller has within the then previous thirty days given Harvard any notice pursuant to Section 11(d) above and the matter that is the subject of such notice, if in existence on the Effective Date or the Closing Date, would cause the representations and warranties of Seller set forth in Section 9 hereof not be true and correct.
- iii) Seller may terminate this Agreement by giving written notice to Harvard at any time prior to the Closing if any of the following has occurred: (A) if Harvard has breached any representation, warranty, or covenant contained in this Agreement in any material respect, Seller has notified Harvard of the breach, and the breach has continued without cure for a period of thirty (30) days after the notice of breach; (B) one or more courts of competent jurisdiction shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, which order, judgment or decree shall have become Final; (C) any statute, rule, or regulation shall have been enacted by any Governmental Authority that directly or indirectly prohibits the consummation of the transactions contemplated hereby; (D) the CELCo Agreement is terminated, or (E) Harvard has within the then previous thirty days given Seller any notice pursuant to Section 11(d) above and the matter that is the subject of such notice, if in existence on the Effective Date or the Closing Date, would

cause the representations and warranties of Harvard set forth in Section 10 hereof not be true and correct.

- b) Effect of Termination. If any Party terminates this Agreement pursuant to Section 19(a) above, all rights and obligations of the Parties hereunder shall terminate without any Liability of any Party to any other Party (except for any Liability of any Party then in breach) and, if Seller is the party in breach, the Deposit shall be returned forthwith to Harvard and neither Party shall thereafter have any further liability or obligation to the other by reason of this Agreement except for those provisions that expressly survive the termination of this Agreement.

20) Miscellaneous.

- a) Press Releases and Public Announcements. No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement prior to the Closing without the prior approval of the other Party; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable law, regulation, or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will provide the other Party with the opportunity to review the disclosure in advance). The provisions of this Section 20(a) shall survive the Closing.
- b) No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Third Party. The provisions of this Section 20(b) shall survive the Closing.
- c) No Joint Venture. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to either Party. Except to the extent specifically provided herein, neither Party is, or shall act as, or be the agent or representative of the other Party. The provisions of this Section 20(c) shall survive the Closing.
- d) Entire Agreement. This Agreement (including the Related Agreements and any other documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof. All conflicts or inconsistencies between the terms hereof and the terms of any of the Related Agreements, if any, shall be resolved in favor of this Agreement.
- e) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Harvard may assign its interest, rights and obligations

hereunder to one or more entities that is or are Affiliates of Harvard (each an "Assignee"), which Assignee shall assume such interest, rights, and obligations or designated portion thereof. Without limiting the generality of the foregoing, Harvard shall have the right to designate portions of the Acquired Assets to be acquired by separate Assignees. As a condition precedent to such assignment, Harvard shall deliver to Seller an unconditional guarantee of payment and performance, in form and substance acceptable to Seller, guaranteeing the obligations of such Assignee(s). Except as provided in the preceding sentence, no Party may assign either this Agreement or the Related Agreements or any of its rights, interests, or obligations hereunder or thereunder without the prior written approval of the other Party.

- f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.
- g) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.
- h) Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) upon electronic confirmation of facsimile, (ii) one Business Day following the date sent, when sent by overnight delivery and (iii) five Business Days following the date mailed, when mailed by registered or certified mail, return receipt requested and postage prepaid, at the following address:

i) If to Seller:

Richard S. Hahn, President
NSTAR Steam Corporation
800 Boylston Street, 17th Floor
Boston, MA 02199

With a copy to:

Douglas S. Horan, Esquire
Senior Vice President and General Counsel
NSTAR Steam Corporation
800 Boylston Street, 17th Floor
Boston, MA 02199

ii) If to Harvard:

Thomas E. Vautin

Associate Vice President for Facilities and Environmental Services
Harvard University
Holyoke Center, Room 761
1350 Massachusetts Avenue
Cambridge, MA 02138

With a copy to:

Robert E. McGaw, Esquire
Office of the General Counsel
Harvard University
Holyoke Center, Room 980
1350 Massachusetts Avenue
Cambridge, MA 02138

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

- i) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Massachusetts. The provisions of this Section 20(i) shall survive the Closing.
- j) Change in Law. If and to the extent that, during the Interim Period, any laws or regulations that govern any aspect of this Agreement shall change, so as to make any aspect of this transaction unlawful, without prohibiting the transaction as a whole, then the Parties agree to use good faith efforts to negotiate such modifications to this Agreement as may be reasonably necessary for the Agreement to accommodate any such legal or regulatory changes, without materially changing the overall benefits or consideration expected hereunder by either party.
- k) Consent to Jurisdiction. Each of Seller and Harvard consents to the nonexclusive jurisdiction of the Superior Court for Middlesex County, Commonwealth of Massachusetts, for adjudication of any suit, claim, action or other proceeding at law or in equity relating to this Agreement, or to any transaction contemplated hereby. The provisions of this Section 20(k) shall survive the Closing.
- l) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Harvard and Seller. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of

warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

- m) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation, provided that the remaining terms and provisions hereof constitute a transaction that is capable of being performed as contemplated herein. The provisions of this Section 20(m) shall survive the Closing.
- n) Expenses. Each of Harvard and Seller will bear its own costs and expenses (including legal, consulting and accounting fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.
- o) Construction. Ambiguities or uncertainties in the wording of this Agreement will not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the Effective Date they executed this Agreement. The Parties acknowledge that they have been represented by counsel in connection with the review and execution of this Agreement, and, accordingly, there shall be no presumption that this Agreement or any provision hereof be construed against the Party that drafted this Agreement. The provisions of this Section 20(o) shall survive the Closing.
- p) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.
- q) Specific Performance. Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action in addition to any other remedy to which it may be entitled, at law or in equity.
- r) Dispute Resolution. Prior to instituting any litigation or alternative dispute resolution mechanism, the Parties will attempt in good faith to resolve any dispute or claim promptly by referring any such matter to their respective chief executive officers, or their designees, for resolution. Either Party may give the other Party written notice of any dispute or claim. Within ten (10) days after delivery of said notice, the executives will meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute or claim within thirty (30) days. The provisions of this Section 20(r) shall survive the Closing.

- s) Bulk Transfer Laws. Without admitting the applicability of the bulk transfer laws of any jurisdiction, the Parties agree that they will not comply with any applicable bulk transfer or similar law in connection with the transactions contemplated by this Agreement.

Definitions.

"Acquired Assets" has the meaning set forth in Section 1(a).

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended.

"Agreement" has the meaning set forth in the preamble.

"Assignee" has the meaning set forth in Section 20(e).

"Assignment and Assumption Agreement" means the Assignment of Leases, Licenses and Permits and Assumption Agreement between the Parties, by which Seller shall assign certain rights, liabilities and obligations and Harvard shall assume the Assumed Liabilities, in substantially the form attached hereto as Exhibit C.

"Assumed Liabilities" has the meaning set forth in Section 1(c).

"Bill of Sale" means the form of bill of sale by which the title to personal property shall be conveyed to Harvard, substantially in the form attached hereto as Exhibit B.

"Blackstone Station" means the real property situated in the City of Cambridge, Middlesex County, Massachusetts, known as "Blackstone Station" and located at 24-46 Blackstone Street, 25-45 Blackstone Street, and 217-229 Putnam Avenue.

"Business Day" means any day other than a Saturday, Sunday, or day on which banks are legally closed for business in Boston, Massachusetts.

"Cash" means cash and cash equivalents (including marketable securities and short term investments) calculated in accordance with GAAP.

"Cash Deposit" has the meaning set forth in Section 4(a).

"Casualty Loss" has the meaning set forth in Section 16(a).

"CELCo Agreement" has the meaning set forth in the preamble

"Claim" or "Claims" means all actions, claims (whether administrative, judicial or private in nature), costs, damages, demands, expenses (including reasonable legal, accounting and other expert or consultant expenses), fines, interest, investigations, losses, notices of violation, orders, penalties, proceedings, suits and liabilities.

"Closing" has the meaning set forth in Section 6.

"Closing Adjustment" has the meaning set forth in Section 5(b).

"Closing Date" has the meaning set forth in Section 6.

"CMR" means Code of Massachusetts Regulations.

"Commercially Reasonable Efforts" means efforts which are reasonably within the contemplation of the Parties at the Effective Date and which do not require the performing Party to expend any funds other than expenditures which are customary and reasonable in transaction of the kind and nature contemplated by this Agreement in order for the performing Party to satisfy its obligations hereunder.

"Contracts" has the meaning set forth in Section 1(a)(iv).

"Deposit" has the meaning set forth in Section 4(c).

"Effective Date" means the date on which this Agreement has been duly executed and validly delivered by the Parties.

"Employee" and "Employees" shall have the meaning set forth in Section 14(e).

"Environment" means surface waters, groundwater or soil.

"Environmental Claim" shall mean and include any Claim under any Environmental Law arising from or in connection with: (A) an actual or alleged violation of any Environmental Law; (B) any Release of Hazardous Material; (C) any Remediation in connection with any Hazardous Material, Environmental Law, or other order or directive of any Governmental Authority; or (D) any actual or alleged damage, injury, threat, or harm to the health or safety of the general public, property or the Environment.

"Environmental Condition" means the Release to the Environment at, on, under or from the Acquired Assets of Hazardous Materials, including any migration of those Hazardous Materials through soil or groundwater at, on, under or from the Acquired Assets, regardless of when such Release occurred or is discovered.

"Environmental Law" shall mean any local, state or federal statute, rule, regulation, order, code, directive, or ordinance and any binding judicial or administrative interpretation thereof or requirement thereunder pertaining to: (A) the regulation or protection of health, safety, and the Environment; (B) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of, or exposure to, any Hazardous Material; or (C) pollution or contamination (including any Release to the Environment); and includes, but is not limited to, the following federal and state statutes (and their implementing regulations and the

analogous state and local statutes and regulations): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, as amended, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. § 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; and the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300(f) et seq.; the Massachusetts Hazardous Waste Management Act (M.G.L. c. 21C); the Massachusetts Oil and Hazardous Material Release Prevention Act (M.G.L. c. 21E); and the Massachusetts Contingency Plan (310 CMR 40.000 et seq.).

"Estimated Closing Statement" has the meaning set forth in Section 5(b).

"Excluded Assets" has the meaning set forth in Section 1(b).

"Excluded Liabilities" has the meaning set forth in Section 1(d).

"Exhibits" means the exhibits to this Agreement.

"Final" or "finally," when applied to a decision, approval or act of any Governmental Authority, means that the decision, approval or act has occurred, purports to be the final resolution and is not subject to appeal by any Person, including exhaustion of all administrative and judicial appeals or remedies and the running of time periods and statutes of limitation for rehearing and judicial review.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Governmental Authority" means any federal, state, local or other governmental, regulatory or administrative agency, commission, department, board, or other governmental subdivision, court, tribunal, arbitral body or other governmental authority, but excluding Harvard and any subsequent owner of the Acquired Assets (if otherwise a Governmental Authority under this definition).

"Harvard" has the meaning set forth in the preamble.

"Hazardous Material" or "Hazardous Materials" means any substance, chemical, compound, product, solid, gas, liquid, waste, by-product, pollutant, contaminant, or material that is hazardous or toxic, and includes without limitation, asbestos or any material containing asbestos, polychlorinated biphenyls, petroleum (including crude oil or any fraction thereof), and any hazardous or toxic waste, material, or substance regulated under any Environmental Law.

"Indemnified Party" has the meaning set forth in Section 18(f).

"Indemnifying Party" has the meaning set forth in Section 18(f).

"Interim Period" means that period of time commencing on the Effective Date and ending on the Closing Date.

"Inventory" means fuel, materials, spare parts, consumable supplies and chemical and gas inventories to the extent owned and paid for by Seller prior to Closing.

"Knowledge" means (a) the actual knowledge after reasonable investigation or inquiry, or (b) the knowledge that would have been obtained after reasonable investigation or inquiry, or (c) reckless disregard of facts, duty or obligations of due inquiry that would result in such knowledge of those corporate officers and those employees charged with responsibility for the subject matter in question at the relevant time or, with respect to any certificate delivered pursuant to this Agreement, on the date of delivery of the certificate.

"Labor Agreements" shall have the meaning set forth in Section 14(e).

"Laws" means all laws, rules, regulations, codes, injunctions, judgments, orders, decrees, rulings, interpretations, constitution, ordinance, common law, or treaty, of any federal, state, local municipal and foreign, international, or multinational government or administration and related agencies.

"Leases" has the meaning set forth in Section 1(a)(ii).

"Liability" or "Liabilities" means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due), including any liability for fines, penalties or Taxes.

"Lien" means any mortgage, pledge, lien, security interest, charge, claim, equitable interest, infringement of a third party patent, copyright, trade secret or other intellectual property right, encumbrance, restriction on transfer, conditional sale or other title retention device or arrangement (including, without limitation, a capital lease), transfer for the purpose of subjection to the payment of any indebtedness, or restriction on the creation of any of the foregoing, whether relating to any property or right or the income or profits therefrom, whether incurred voluntarily or by operation of law.

"Material Adverse Effect" means any change in, or effect on, the Acquired Assets that (a) is materially adverse to the nature or extent of the Acquired Assets, taken as a whole, and (b) if arising from Seller's representations and warranties in Section 9, is of a cost or value, singularly or in the aggregate, in excess of \$50,000, or (c) if arising from any other provision of the Agreement, is of a cost or value, singularly or in the aggregate, in excess of \$300,000, other than any such change or effect arising or resulting from or related to (i) physical condition or

operability of the Acquired Assets; and (ii) legal ability of Harvard to own, operate, maintain, repair, replace or remove the Acquired Assets.

"Offsite Hazardous Material Facility" means a location, other than Blackstone Station, to which Seller or Seller's agent sent Hazardous Materials for storage, disposal, treatment, or recycling.

"Party" and "Parties" have the meanings set forth in the preamble.

"Permits" has the meaning set forth in Section 1(a)(iii).

"Permitted Encumbrances" means: (i) Liens for Chapter 59 Taxes to the extent that the payment thereof is not in arrears or otherwise due; (ii) encumbrances in the nature of zoning, building and land use laws, ordinances, orders, decrees, restrictions or any other conditions imposed by any Governmental Authority; (iii) easements, rights, restrictions, conditions, title imperfections and similar matters if the same do not materially detract from the operation or use of such property in the business of Seller; and (iv) any Lien or title imperfection with respect to the Acquired Assets created by or resulting from any act or omission of Harvard.

"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, a limited liability company, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

"Proprietary Information" has the meaning given it in the Confidentiality and Nondisclosure Agreement.

"Prudent Industry Practices" means any of the practices, methods and acts engaged in or approved by a significant portion of the steam industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with applicable Laws and good business practices, reliability, safety and expedition. Prudent Industry Practices are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the region.

"Purchase Price" has the meaning set forth in Section 3.

"Real Property Taxes" means those taxes levied under Massachusetts General Laws Chapter 59.

"Related Agreements" means the Assignment and Assumption Agreement, the Assignment and Transfer of Easement and the Bill of Sale and, as it relates to the Seller only, those documents and certificates set forth in Section 7(i).

"Release" means any actual, threatened or alleged spilling, leaking, pumping, pouring, emitting, dispersing, emptying, discharging, injecting, escaping, leaching, dumping, or disposing

of any Hazardous Material into the Environment (including the disposal or abandonment of barrels, containers, tanks or other receptacles containing or previously containing any Hazardous Material).

"Remediation" means any or all of the following activities to the extent they relate to or arise from the presence of Hazardous Materials at or from the Acquired Assets: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice from a Governmental Authority with jurisdiction over the Acquired Assets under Environmental Laws that no material additional work is required by such Governmental Authority; (e) obtaining a written opinion of a Licensed Site Professional (as defined in M.G.L. c.21A, § 19), as contemplated by the relevant Environmental Laws and in lieu of a written notice from a Governmental Authority, that no material additional work is required to address Hazardous Materials at or from the Acquired Assets; and (f) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws to address the presence of Hazardous Materials at or from the Acquired Assets.

"Repairs" has the meaning set forth in Section 2(a).

"Schedule" means a schedule to this Agreement.

"Seller" has the meaning set forth in the preamble.

"Steam Contracts" means the Agreement for Steam Service dated February 5, 1993 by and between COM/Energy Steam Company and President and Fellows of Harvard College and the Agreement for Steam Service dated August 25, 1992 by and between COM/Energy Steam Company and Genzyme Corporation.

"Steam Generating Facility" has the meaning set forth in Section 1(a)(ii) of the Purchase and Sale Agreement between President and Fellows of Harvard College and Cambridge Electric Light Company of even date.

"Steam Lines" has the meaning set forth in Section 1(a)(i).

"Taking" has the meaning set forth in Section 16(b).

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party" means a Person who is not a Party or an Affiliate of a Party.

"Third-Party Claim" has the meaning set forth in Section 18.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

**PRESIDENT AND FELLOWS OF HARVARD
COLLEGE**

By: Sally Zeckhauser

Name: Sally Zeckhauser

Title: Vice President for Administration

By: Kathy A Spiegelman

Name: Kathy A Spiegelman

Title: authorized signatory

By: Thomas E. Martin

Name: Thomas E. Martin

Title: ~~Assoc. Vice President~~ FACILITIES & ENVIRONMENTAL
SERVICES

NSTAR STEAM CORPORATION

By: Richard S. Hahn

Name: RICHARD S. HAHN

Title: PRESIDENT

EXHIBIT A

DUE DILIGENCE PROTOCOL

Harvard has, as of the date hereof, entered into a purchase and sale agreement with Cambridge Electric Light Company ("CELCo") (the "CELCo Purchase and Sale Agreement") pursuant to which Harvard will purchase from CELCo the real property and improvements known as Blackstone Station and the tangible personal property used to produce steam at Blackstone Station (the real and personal property, together, the "Generating Facility"). Harvard has also, as of the date hereof, entered into a purchase and sale agreement with NSTAR Steam Corporation ("NSTAR") (the "NSTAR Steam Purchase and Sale Agreement") pursuant to which Harvard will purchase from NSTAR, in part, certain steam lines used by NSTAR for the distribution of the steam produced at the Generating Facility (the "Steam Lines").

The CELCo Purchase and Sale Agreement and the NSTAR Purchase and Sale Agreement provide Harvard with the right to conduct due diligence activities with respect to the Generating Facility and the Steam Lines (the "Due Diligence Activities"). CELCo, NSTAR (together, "CELCo") and Harvard agree that Harvard's performance of the Due Diligence Activities will be in accordance with the terms and conditions of this Protocol.

1. Capitalized terms not defined herein shall have the meaning given to them in the CELCo Purchase and Sale Agreement and the NSTAR Steam Purchase and Sale Agreement.
2. Prior to the start of on-site Due Diligence Activities, Harvard shall provide CELCo with a schedule of on-site Due Diligence Activities to be performed by Harvard (the "Schedule"). Harvard shall provide to CELCo updates and/or amendments to the Schedule prior to undertaking any work that is the subject of the update and/or amendment. The Schedule and any updates and/or amendments thereof shall be sent to the attention of Nicholas Peters (Chief Engineer, Blackstone Station), Jonathan Reich (Principal Environmental Engineer, NSTAR Electric) and Joseph Carvalho (Supervisor, NSTAR Electric).
3. At least one week prior to commencing Due Diligence Activities, Harvard shall contact Nicholas Peters (telephone: 617-497-1236 x11) and/or Joseph Carvalho (617-547-5776) to notify them of the commencement date. Harvard shall coordinate in good faith with these individuals concerning the site logistics of the Due Diligence Activities, such as the location of parking for consultant vehicles.
4. Notification shall be made by Harvard and/or contractors working for Harvard (a complete list of contractors associated with the environmental due diligence shall be provided to CELCo) to Nicholas Peters and Joseph Carvalho upon each day's arrival at Blackstone Station.

5. Due Diligence Activities will be allowed Monday through Friday from 7:00 a.m. until 3:30 p.m. CELCo shall make reasonable efforts to extend these hours to accommodate Harvard's performance of the Due Diligence Activities. No activities will be permitted on weekends.

6. A work and sampling plan (the "Plan") shall be developed by Harvard. The Plan shall set forth the on-site Due Diligence Activities that Harvard intends to undertake. The Plan shall also identify the locations where samples will be collected, the methods used to collect samples (may range from non-intrusive field screening, to intrusive multi-media sampling), the depths of samples for those collected below the ground surface, the type of environmental media to be collected, QA/QC measures, and chemical testing to be performed on samples collected. The Plan shall include personnel health and safety precautions to be followed in accordance with applicable federal law or state or local equivalents. The Plan shall be provided to CELCo for its review and approval one week prior to the commencement of Due Diligence Activities by Harvard. Harvard shall provide to CELCo updates and/or amendments to the Plan prior to undertaking any work that is the subject of the update and/or amendment CELCo has the right to reject specific sampling locations if, in CELCo's good faith judgment, the sampling location at issue is located too close to subsurface utilities or underground storage tanks. In the event CELCo rejects a specific sampling location, the parties will confer in good faith in an effort to resolve the dispute. Harvard may proceed with the sampling at all locations for which no objection by CELCo has been raised.

7. Harvard shall mark all outdoor sampling locations at least one week prior to commencing subsurface investigative activities. Harvard will be responsible for contacting Dig-Safe prior to performing subsurface activities. CELCo will be responsible for "Dig Safe" within the station property.

8. Use of excavators, drill rigs and any other machinery for advancing borings and groundwater wells will be permitted. The Chief Engineer has the authority to stop such activities if, in his reasonable, good faith judgment, they will materially restrict the operation of Blackstone Station.

9. Generally, prior to the use of excavators, drill rigs and any other machinery for subsurface activities, the sampling location shall first be hand dug to a depth of five (5) feet below the ground surface. The use of an "air knife" or a vacuum truck is acceptable. CELCo reserves the right to require that any particular sampling activity be performed entirely by hand digging if, in CELCo's reasonable, good faith judgment, use of an excavator, drill rig or other machinery will result in material damage to underground facilities.

10. Harvard shall provide CELCo with split samples from all sample locations. QA/QC samples shall also be provided to CELCo. Harvard will provide split samples in sample containers labeled with ID's and applicable identification info. Samples shall be preserved and the contractor shall complete a copy of the chain of custody. A representative for CELCo will pick up samples at Blackstone Station at the end of each

workday. Harvard will not be responsible for these samples once they have been labeled and left for CELCo to pick up.

11. All contractors shall follow CELCo safety procedures. Contractors entering any of the buildings at Blackstone Station, unless otherwise permitted by Nicholas Peters or Joseph Carvalho (or designated company representative), shall wear hard hats, safety glasses and steel toe shoes in accordance with the Company Safety Policy SP-11, a copy of which is attached hereto. No contractor shall be permitted to walk or work inside the Generating Facility without being accompanied by a plant operator.

12. CELCo, or a contractor for CELCo, shall be allowed to observe all investigative activities and sampling performed at Blackstone Station.

13. If the soils or other wastes resulting from the Due Diligence Activities exhibit evidence of contamination by oil and/or hazardous material, based upon visual or olfactory observation, Harvard shall segregate such soils or other wastes from the remaining soils and wastes. CELCo shall manage and dispose of all soils and other wastes resulting from the Due Diligence Activities which have been determined by CELCo to be unsuitable for use as backfill at Blackstone Station. Excess soil that appears "clean" but cannot be reused as backfill, as determined by CELCo, shall also be segregated and characterized for disposal by Harvard. CELCo will designate itself as the generator of such wastes and shall select a contractor for transportation and disposal off-site of the soil and/or wastes. Harvard shall reimburse CELCo for all direct and verifiable costs incurred by CELCo for the disposal of soils and wastes generated by Harvard during the Due Diligence Activities. Whenever possible, CELCo will make every effort to return soil spoils as backfill on the Blackstone Station property.

14. A written report of the findings and conclusions resulting from the Due Diligence Activities shall be provided to CELCo. The report shall include a summary of all sample analyses and shall include a copy of the associated laboratory analytical reports.

15. Harvard will only be permitted to question or interview Blackstone Station employees in the presence of the Station Chief Engineer or his designee.

ISSUED Sept. 1, 1976 REVISED July 23, 1996	Company Safety Policy	SP-11 Page 1 of 3
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SAFETY PROCEDURES
FOR
CONTRACTORS AND SUB-CONTRACTORS
WORKING
ON COMPANY FACILITIES

General

It is mandatory that all Contractors and Sub-Contractors familiarize themselves with these safety procedures before submitting quotations or accepting orders to perform work for the Company.

It is the responsibility of the General Contractor to enforce these safety procedures with her/his own personnel as well as with personnel of Sub-Contractors who he/she engages for performing the requested work action. Compliance with these safety procedures does not relieve or diminish the responsibility of the General Contractor to perform the work in a manner that complies with applicable Federal, State and local laws, rules, regulations and/or requirements, nor is the General Contractor relieved from liability to the Company or others for negligent or improper performance of the work.

The Contractor shall assign a competent person as required in 29 CFR 1926.20(b) and defined in 29 CFR 1926.32(f) to each construction site. The competent person is one who is capable of identifying existing and predictable hazards in the surroundings or working conditions which are unsanitary, hazardous, or dangerous to employees, and who has authorization to take prompt corrective measures to eliminate them. The name of the competent person shall be made known to the Company construction inspector or representative assigned to follow the work action prior to the start of any construction activity. Safety-related communication between the contractor and the Company should be made through these designated representatives. This provision will be strictly enforced by the Company. Failure to comply will result in work shut-down at the contractor's expense, and possible removal from the approved vendor's list.

No work shall start without knowledge and approval of Company's field representative, who will provide the Contractor with specific instructions as to the work action.

Reprimands or disciplinary actions for safety violations shall be made by Contractor's designee. However, if safety violations either as to personnel or equipment are noted by the Company representative, the Company's representative will be empowered to halt work progress at Contractor's expense until such time that the unsafe procedure has been corrected.

The contractor shall obtain and have available current issues of U.S. Department of Labor, Occupational Safety and Health Administration (OSHA), General Industry Standard 29 CFR 1910 and Construction Standard 29 CFR 1926. These references form the basis of our Safety Procedures and shall be followed except where more stringent procedures are specified by the Company.

Contractors have the responsibility to familiarize themselves with and enforce, not only the Company Safety Procedures but also special municipal and/or State requirements as may be

ISSUED Sept. 1, 1976 REVISED July 23, 1996	Company Safety Policy	SP-11 Page 2 of 3
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applicable to the work. In case of conflict in specifying the safety procedure among all applicable requirements, the most stringent procedure shall be implemented.

Specific Safety Procedures –

In general, contract personnel are required to adhere to all applicable safety work practices utilized by Company personnel when performing the same or similar functions.

1. Contractors' personnel are forbidden to operate control switches, valves, circuit breakers, disconnecting switches or such similar devices, which are part of the Company's operating plant; unless specifically directed to do so by responsible Company personnel.
2. "Hard Hats" and Safety Eyewear shall be supplied by the Contractors and worn by their personnel in all designated work areas or work situations. Metal type "hard hats" are prohibited. Contractors shall also provide at her/his expense all other required protective equipment to meet the applicable OSHA regulations.
3. Safety shoes are required for personnel assigned to work functions hazardous in terms of toe or foot injury. Wearing of open-toe shoes, sneakers or similar light footwear shall not be permitted.
4. No alcoholic beverages shall be brought to or consumed at the work sites. Personnel are prohibited from drinking alcoholic beverages during meal periods or other authorized interruptions of work occurring during working hours, including overtime periods.
5. The illegal use, sale or possession of narcotics, drugs or controlled substances, while on the job, or on Company property is a dischargeable offense.
6. Personnel reporting for work in an unfit condition to safely perform assigned work functions shall be immediately dismissed from the work site.
7. Contractors shall properly secure and protect work areas, equipment and materials which could under adverse weather conditions and darkness cause personal injury and/or property damages.
8. Any personal injury, to contractors' employees engaged in work for the Company which requires the services of a physician or hospitalization shall be reported at once to the Company's representative, who shall promptly report the injury to the Report Dispatcher. Any injury to person(s) other than Company or Contractors employees in which circumstances may concern the Company shall also be similarly reported.

If the Company's representative is not at the work site or cannot be easily reached by telephone, the Contractor's safety representative shall give the oral report of the personal injury to the Company's Report Dispatcher, telephone 541-7888 or 1-800-952-7497.

9. Fighting, horseplay, or other non-work activities by personnel, in the work area, which may adversely effect the safety of people will not be tolerated.

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10. Contractors shall conduct their work in a manner that does not introduce hazards to personnel or equipment and offers minimum interference with normal functioning of work sites. Contractors shall not move or cross safety barriers or signs where so installed at Company facilities.

Materials and equipment shall be stored safely in designated areas to provide free access to stairs, passageways, crosswalks, roadways, operating equipment, fire fighting equipment, and the like.

Work areas shall be cleaned up at the end of each day or more often if conditions warrant. Excess backfill material shall be removed promptly with street and sidewalks swept clean.

11. Health physics requirements shall be complied with at all times when applicable at the Pilgrim Nuclear Power Station.

Penalty for Non-Conformance

Any Contractor or Sub-Contractor who fails to take the necessary safety corrective measures to conform to these safety procedures shall be brought to the attention of the Purchasing Manager with a recommendation for immediate removal from the Company's acceptable Contractor's list.

Issued: F.C. Carr
Director
Safety & Health Services

Approved: T.J. May
Chairman, President and
Chief Executive Officer

EXHIBIT B

FORM OF BILL OF SALE

THIS BILL OF SALE is executed as of the _____ day of _____, 2002, by and between NSTAR STEAM CORPORATION, a Massachusetts corporation and electric company, whose address is 800 Boylston Street, Boston, Massachusetts 02199 ("Seller") and [HARVARD ENTITY], a _____, whose address is _____ ("Buyer"). Any other capitalized terms used herein shall have the respective meanings ascribed to them in that certain Purchase and Sale Agreement dated _____, 2002, by and between Seller and President and Fellows of Harvard College.

Seller, for consideration received, the receipt and sufficiency of which are hereby acknowledged, does hereby assign, sell, convey, transfer and set over unto the Buyer, its successors and assigns, all of the right, title and interest that the Seller possesses and has the right to transfer, in and to the following (collectively, the "Assets"):

- A. The steam lines in Western Avenue servicing properties in Allston, Massachusetts and those steam lines necessary to fulfill Seller's obligations under the Steam Contracts as described in Schedule 1 and as shown on the plan attached as, or referenced in Schedule 2, together with all easements and other appurtenant rights of Seller therein (collectively, the "Steam Lines");
- B. All books, records, including but not limited to fuel purchase and use records, engineering designs, blueprints, as-built plans, specifications, procedures, studies, reports and equipment repair, safety, maintenance or service records of Seller relating to the design, construction, licensing, maintenance or operation of the Stream Lines and Steam Equipment including, but not limited to, Proprietary Information, but expressly excluding Seller's financial records and books of account;

To have and to hold the Assets to the said Buyer and its successors and assigns to their own use, forever.

THE PROPERTY IS SOLD "AS IS, WHERE IS", AND, EXCEPT AS EXPRESSLY PROVIDED IN THIS BILL OF SALE, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO LIABILITIES, OPERATIONS OF THE GENERATING FACILITY, TITLE, CONDITION, VALUE OR QUALITY OF THE ASSETS OR THE PROSPECTS (FINANCIAL OR OTHERWISE), RISKS AND OTHER INCIDENTS OF THE ASSETS, AND SELLER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN,

WHETHER LATENT OR PATENT (INCLUDING THE EXISTENCE OF ANY ENVIRONMENTAL CONDITIONS), OR COMPLIANCE WITH ENVIRONMENTAL LAWS, OR AS TO THE CONDITION OF THE ASSETS, OR ANY PART THEREOF, OR WHETHER SELLER POSSESSES SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY TO OPERATE THE ASSETS. SELLER FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS SUBSTANCES OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE ASSETS OR THE SUITABILITY OF THE ASSETS FOR OPERATION AS A STEAM PRODUCTION AND DISTRIBUTION FACILITY. NO EXHIBIT TO THIS BILL OF SALE WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE ASSETS, OR ANY OF THE FOREGOING MATTERS.

Seller warrants and represents to the Buyer, its successors and assigns, that, as of the date hereof, Seller is the true and lawful owner of the Assets; that Seller has the full right and power to sell and transfer the Assets to Buyer; that the Assets are free from liens and encumbrances made or suffered by the Seller, except for Permitted Encumbrances, and that the Assets have not been sold, assigned or transferred to anyone other than the Seller.

Buyer hereby accepts the Assets and all of the Assumed Liabilities in connection therewith (but not the Excluded Liabilities), and agrees to indemnify and hold Seller harmless for and from any such Assumed Liabilities.

Seller hereby agrees with the Buyer to execute and deliver to Buyer such further documents and instruments as may be necessary or reasonably requested by Buyer to further confirm and perfect the sale and transfer of the Assets to Buyer.

In the event that any provision hereof shall be construed to conflict with any provision of the Purchase and Sale Agreement, the provision of the Purchase and Sale Agreement shall be deemed controlling.

This Bill of Sale shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. Nothing in this Bill of Sale shall be construed to confer upon any person other than the Buyer any remedy or claim under or by reason of this Bill of Sale, and all the provisions of this instrument shall be for the sole and exclusive benefit of the Buyer and its successors and assigns.

This Bill of Sale shall be construed under the laws of the Commonwealth of Massachusetts.

This Bill of Sale may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, Seller and Buyer have executed this instrument under seal by and through their respective duly authorized representatives as of _____, 2002.

NSTAR STEAM CORPORATION

By: _____

Name: _____

Title: _____

[HARVARD ENTITY]

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION OF CONTRACTS, LEASES, PERMITS AND INTANGIBLES

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") is executed as of the _____ day of _____, 2002, by and between NSTAR STEAM CORPORATION, a Massachusetts corporation, whose address is 800 Boylston Street, Boston, Massachusetts 02199 ("Assignor") and [HARVARD ENTITY], a _____, whose address is _____ ("Assignee"). Any other capitalized terms used herein shall have the respective meanings ascribed to them in that certain Purchase and Sale Agreement dated _____, 2002, by and between Assignor, as Seller, and President and Fellows of Harvard College.

Assignor, for consideration received, the receipt and sufficiency of which are hereby acknowledged, does hereby assign, sell, convey, transfer and set over unto the Assignee, its successors and assigns, all of the right, title and interest that the Assignor possesses and has the right to transfer, in and to the following (collectively, the "Assigned Interests"):

- A. The contractual rights of Assignor pertaining to the ownership, use and operation of the Acquired Assets the extent specifically described on Exhibit A attached ("Contracts");
- B. The rights of Assignor as lessor or lessee with respect to leasehold interests and rights thereunder pertaining to the ownership, use and operation of the Acquired Assets and/or the Steam Lines and Steam Equipment, or machinery and equipment associated therewith, to the extent specifically described on Exhibit B attached ("Leases");
- C. The certificates, licenses, permits, approvals, consents, orders, exemptions, decisions and other actions of a Governmental Authority relating to the Acquired Assets to the fullest extent assignable under applicable law, including without limitation those specifically described on Exhibit C attached ("Permits");
- D. The rights of Assignor to the following name: "Blackstone Station."
- E. All unexpired warranties from third parties relating to the Steam Lines and the Steam Equipment, including without limitation those specifically described on Exhibit D attached.

To have and to hold the Assigned Interests and all the rights and privileges thereunto belonging, unto Assignor and its successors and assigns, for the remainder of any term or other period by which any of the Assigned Interests may be limited, otherwise forever.

Assignor warrants and represents to the Assignee, its successors and assigns, that, as of

the date hereof, Assignor is the true and lawful owner of the Assigned Interests; that the Assignor has the full right and power to assign and transfer the Assigned Interests to Assignee; that the Assigned Interests are free from liens and encumbrances made or suffered by the Assignor, and that the Assigned Interests have not been sold, assigned or transferred to anyone other than the Assignee.

Assignee hereby accepts and assumes the Assigned Interests and the Assumed Liabilities thereunder, and agrees to indemnify and hold Assignor harmless for and from such Assumed Liabilities, provided that the foregoing assumption and indemnity expressly excludes any Excluded Liabilities.

Assignor hereby agrees with the Assignee to execute and deliver to Assignee such further documents and instruments as may be necessary or reasonably requested by Assignee to further confirm and perfect the assignment and transfer of the Assigned Interests to Assignee.

In the event that any provision hereof shall be construed to conflict with any provision of the Purchase and Sale Agreement, the provision of the Purchase and Sale Agreement shall be deemed controlling.

This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns.

This Agreement shall be construed under the laws of The Commonwealth of Massachusetts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee have executed this instrument under seal by and through their respective duly authorized representatives as of _____, 2002.

NSTAR STEAM CORPORATION

By: _____
Name: _____
Title: _____

[HARVARD ENTITY]

By: _____
Name: _____
Title: _____

EXHIBIT A

CONTRACTS

1. Agreement for Steam Service dated February 5, 1993 by and between COM/Energy Steam Company and President and Fellows of Harvard College
2. Agreement for Steam Service dated August 25, 1992 by and between COM/Energy Steam Company and Genzyme Corporation.

EXHIBIT B

LEASES

1. Equipment Lease Agreement with Purchase Option, dated as of October 27, 2000, by and between Copelco Capital, Inc. and Advanced Energy Systems Management Company, Inc., as agent for COM/Energy Steam Company, relating to one Nissan fork lift, model no. TN30.

EXHIBIT C

PERMITS

	Description	Issued By	Issue Date	Expiration	Notes
1	Conduit License Agreement	City of Boston Public Improvements Commission	09/17/1992	By either party with one year notice	For two 10" steam lines and one 8" condensate line
2	Grant of Location	MDC	10/01/1992	N/A	To install 750' of steam line

EXHIBIT D
WARRANTIES

None.

EXHIBIT D

FORM OF ASSIGNMENT AND TRANSFER OF EASEMENT

NSTAR STEAM CORPORATION, a Massachusetts corporation, formerly known as Com/Energy Steam Company ("Grantor"), being the holder of that certain Grant of Right of Entry and Easement from Allston Landing Limited Partnership, dated October 21, 1992 and recorded with the Middlesex South Registry District of the Land Court as Document Number 499086, and noted on Certificate of Title Number 77201, for \$10.00 consideration paid, does hereby assign, grant, transfer, set over and convey to [HARVARD ENTITY] ("Grantee"), with release covenants, all of its rights, title and interest in, to and under said Grant of Right of Entry and Easement.

Grantor hereby warrants and represents to Grantee that the Grant of Right of Entry and Easement is in full force and effect; has not been modified, amended, terminated or revoked; that Grantor has not abandoned the easement or facilities described therein; that Grantor is the true and lawful holder thereof; that the interest(s) held by Grantor thereunder is free from liens and encumbrances made or suffered by Grantor; and that Grantor is not in default of any of its obligations thereunder.

Grantee hereby (i) accepts and assumes the rights and obligations contained in said Grant of Right of Entry and Easement, and (ii) releases Grantor from the obligations thereunder.

Executed as an instrument under seal this ____ day of _____, 2002.

GRANTOR

NSTAR STEAM CORPORATION

By: _____
Name: _____
Title: _____

GRANTEE

[HARVARD ENTITY]

By: _____

Name: _____

Title: _____

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss. _____, 2002

Then personally appeared before me the above named _____,
_____ of NSTAR STEAM CORPORATION, who acknowledged that
he did sign the foregoing instrument and that the same is his free act and deed as such officer,
and the free act and deed of said corporation.

Notary Public

My commission expires:

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss. _____, 2002

Then personally appeared before me the above named _____,
_____ of [HARVARD ENTITY] who acknowledged that
he/she did sign the foregoing instrument and that the same is his/her free act and deed as such
officer, and the free act and deed of said corporation.

Notary Public

My commission expires:

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT ("Agreement") by and between CAMBRIDGE ELECTRIC LIGHT COMPANY, a Massachusetts corporation, and NSTAR Steam Corporation, a Massachusetts corporation, both having a place of business at 800 Boylston Street, 17th Floor, Boston, Massachusetts 02199 (for purposes of this Agreement only, collectively the "Company"), and PRESIDENT AND FELLOWS OF HARVARD COLLEGE, a Massachusetts corporation having a place of business at Holyoke Center, Suite 869, 1350 Massachusetts Avenue, Cambridge, Massachusetts 02138-3834 ("Harvard").

1.0 INTRODUCTION

In order to allow Harvard to evaluate the possible acquisition (the "Acquisition") of the land and facilities comprising the Company's Blackstone Station (collectively, the "Assets"), the Company will deliver or otherwise make available to Harvard, upon Harvard's execution and delivery to the Company of this Agreement, certain information about the Assets. If the Acquisition is to be accomplished by use of a wholly owned or controlled subsidiary of Harvard, the obligations hereunder applicable to Harvard shall be likewise applicable to such subsidiary, but in such event, Harvard shall not be relieved of its obligations hereunder.

2.0 TERM

The term of this Agreement (the "Term") shall commence on the date of Harvard's execution hereof (the "Effective Date") and shall expire on the earlier of (a) the date on which the Acquisition of the Assets occurs, or (b) three (3) years after the Effective Date. Notwithstanding the foregoing, if Harvard determines that Harvard does not wish to proceed with the Acquisition of the Assets, whether prior to the signing of definitive Acquisition agreements, or pursuant to the terms of such definitive Acquisition agreements, Harvard will promptly advise the Company of that decision. In that case, this Agreement shall terminate and Harvard will, at the Company's option, promptly either: (i) deliver to the Company all Proprietary Information, including all copies, reproductions, summaries, or extracts thereof in Harvard's possession or in the possession of any Representative of Harvard; or (ii) cause such Proprietary Information to be destroyed with any such destruction confirmed by Harvard in writing to the Company.

3.0 DEFINITIONS

All information about the Company, its affiliates, the Assets and the Acquisition furnished by the Company or its Representatives (as defined below), whether written, oral, or in any electronic or other form, is referred to in this Confidentiality Agreement as "Proprietary Information". This Agreement will cover Proprietary Information furnished prior to the Effective Date, regardless of the manner in which furnished, but following the Effective Date, Proprietary Information shall

be designated by the Company as "Proprietary Information" by written notice or legend thereon. Proprietary Information does not include, however, information which: (a) is or becomes generally available to the public other than as a result of a disclosure by Harvard or Harvard's Representatives; (b) was available to Harvard prior to its disclosure by the Company or the Company's Representatives; and/or (c) becomes available to Harvard from a person, other than the Company or the Company's Representatives, who is not otherwise bound by a confidentiality agreement with the Company or any Representative of the Company, or is otherwise not under any obligation to the Company or any Representative of the Company not to transmit the information to Harvard.

The term "Representative" means, as to any person, such person's affiliates and its and their directors, trustees, governing board members, officers, employees, agents, advisors (including, without limitation, financial, energy, management, environmental compliance, regulatory compliance, redevelopment and planning, and real estate advisors, legal consultants and accountants) and controlling persons.

The term "person" means any corporation, company, partnership, other entity or individual.

4.0 REQUIREMENTS

Except as required by law, or unless otherwise agreed to in writing by the Company, during the Term, Harvard agrees: (a) to keep all Proprietary Information confidential and not to disclose or reveal any Proprietary Information to any person other than Harvard's Representatives who are participating in Harvard's evaluation of the Acquisition and/or the Assets, and to cause those persons to observe the terms of this Confidentiality Agreement; (b) not to use Proprietary Information for any purpose other than in connection with Harvard's evaluation of the Acquisition and/or the Assets, or the consummation of the Acquisition; and (c) not to disclose to any person (other than those of Harvard's Representatives who are participating in Harvard's evaluation or consummation of the Acquisition and/or the Assets, and, in the case of Harvard's Representatives, whom Harvard will cause to observe the terms of this Confidentiality Agreement) any information about the offer to acquire the Assets or any Acquisition contemplated by or negotiated with the Company, or the terms or conditions or any other facts relating thereto, including, without limitation, the fact that discussions are taking place with respect thereto or the status thereof, or the fact that Proprietary Information has been made available to Harvard or Harvard's Representatives. Harvard will treat all Proprietary Information at least according to the same internal security procedures and with the same degree of care regarding its confidentiality as Harvard's similar information is treated within Harvard's organization. Harvard will notify the Company of any unauthorized disclosure to third parties that Harvard discovers, and Harvard shall endeavor to prevent further such disclosures. Harvard will be responsible for any breach of the terms of this Confidentiality Agreement by Harvard or Harvard's Representatives. Notwithstanding the foregoing, if, in connection with Harvard's analysis and due diligence efforts, Harvard determines that it must confer with governmental officials and make reference to Proprietary Information during such conference, and Harvard so informs the Company, the Company will cooperate with Harvard in such undertaking and not unreasonably withhold its consent to such use of the Proprietary Information, and Harvard may

thereupon furnish so much of the Proprietary Information as may be necessary to any such governmental authority.

Harvard or its Representatives will not contact any customer, supplier or employee of the Company without the express written consent of the Company or pursuant to agreed procedures. Unless otherwise agreed to by the Company, all (i) communications regarding this Acquisition, (ii) requests for additional information, (iii) requests for facility tours or management meetings, and (iv) discussions or questions regarding procedures, will be submitted or directed to Mr. Mark Mueller at the Company (tel. no. 617-424-2165), who will undertake to facilitate Harvard's reasonable requests.

In the event that Harvard is requested pursuant to, or required by, applicable law or regulation or legal process to disclose any Proprietary Information or any other information concerning the Company or the Acquisition or the Assets, Harvard agrees that, to the extent it is legally permitted to do so, Harvard will provide the Company with prompt notice of such request or requirement in order to enable the Company, at its own expense, to seek an appropriate protective order or other remedy, to consult with Harvard with respect to the Company taking steps to resist or narrow the scope of such request or legal process, or to waive compliance, in whole or in part, with the terms of this Confidentiality Agreement. Harvard agrees not to oppose any action by the Company to obtain a protective order or other appropriate remedy. In the event that no such protective order or other remedy is obtained, or that the Company waives compliance with the terms of this Confidentiality Agreement, Harvard agrees that Harvard will furnish only that portion of the Proprietary Information which Harvard is advised by counsel is legally required to be disclosed. In any such event, Harvard will use its reasonable best efforts to cooperate with the Company to obtain assurances that all Proprietary Information and other information being disclosed will be accorded confidential treatment. All Proprietary Information shall remain the property of the Company during the Term.

The Company agrees to treat the submission of any proposal (including any amendment thereto or withdrawal thereof) by Harvard relating to the Acquisition in confidence and to refrain from disclosing such proposal to any third parties, except as expressly agreed to by Harvard and the Company, or as requested pursuant to, or required by, applicable law or regulation or legal process. In the event that the Company is requested pursuant to, or required by, applicable law or regulation or legal process to disclose information regarding any proposal by Harvard, the Company agrees that, to the extent it is legally permitted to do so, the Company will provide Harvard with prompt notice of such requirement in order to enable Harvard to seek an appropriate protective order or other remedy.

Harvard and the Company each agree that neither of them will issue any public statement or press release, or make any public announcement or disclosure, whether internal or external, regarding the Acquisition, or any aspect thereof, without the prior approval of the other party. The Company acknowledges and agrees that Harvard will need to confer with Cambridge and Massachusetts officials in connection with, and will need to inform them of Harvard's intentions with regard to the Assets. Prior to the Acquisition, Harvard will inform the Company in advance

of such proposed discussions, so that the parties can coordinate the discussions and sharing of information with such officials, as appropriate.

The Company will undertake to provide Harvard with such information as the Company believes to be true, accurate and complete. However, Harvard acknowledges that none of the Company or its Representatives and none of the respective officers, directors, employees, agents or controlling persons of such Representatives makes any express or implied representation or warranty as to the accuracy or completeness of any Proprietary Information, and Harvard agrees that none of such persons shall have any liability to Harvard or any of Harvard's Representatives relating to or arising from Harvard's or Harvard's Representatives' use of any Proprietary Information or for any inadvertent errors therein or omissions therefrom. Notwithstanding the foregoing, Harvard shall be entitled to rely on those representations and warranties regarding Proprietary Information as may be made to Harvard in any definitive Acquisition agreements, subject to the terms and conditions of such agreements.

Except as to matters specifically addressed in this Agreement, the Company and Harvard agree that during the Term of this Agreement, neither the Company nor any of the Company's Representatives are under any legal obligation and shall have no liability to Harvard of any nature whatsoever with respect to the Acquisition and/or the Assets by virtue of this Confidentiality Agreement. Harvard also acknowledges and agrees that that between the Effective Date and the execution of the definitive Acquisition agreements: (i) the Company and the Company's Representatives may conduct the process that may or may not result in the Acquisition in such manner as the Company, in its sole discretion, may determine, and (ii) the Company reserves the right to change, in its sole discretion, at any time, the procedures relating to the Company's and Harvard's consideration of the Acquisition, including, without limitation, terminating all further discussions with Harvard and requesting that Harvard return all Proprietary Information to the Company.

Harvard agrees the Company shall be entitled to direct damages, to the extent proved, or to equitable relief by way of injunction, as appropriate, if Harvard or any of Harvard's Representatives breach any of the provisions of this Confidentiality Agreement, but the Company shall not be entitled to indirect or consequential damages as a result of such breach.

Harvard agrees that no failure or delay by the Company in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

5.0 ADDITIONAL AGREEMENTS

Harvard's signature at the end of this Confidentiality Agreement signifies Harvard's agreement to abide by any due diligence procedures that may be agreed to by the parties.

Without the prior written consent of the Company, neither Harvard nor any of Harvard's Representatives will, for the three-year period from the Effective Date, or for one year after the Acquisition is consummated, whichever first occurs, solicit or cause to be solicited the employment of any management employees of the Company, or any subsidiary or affiliate thereof, or hire any such management employee with whom Harvard or its Representatives met during the course of Harvard's evaluation of the Assets or the Acquisition, it being agreed that general advertisements offering employment shall not be deemed to be solicitations for purposes of this paragraph.

This Confidentiality Agreement contains the entire agreement between Harvard and the Company concerning confidentiality of the Proprietary Information and supersedes any previous agreements, whether written or oral pertaining to said Proprietary Information. No modification of this Confidentiality Agreement or waiver of the terms and conditions hereof shall be binding upon Harvard or the Company, unless approved in writing by Harvard and the Company.

If any provision of this Confidentiality Agreement shall for any reason be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not affect, impair or invalidate the remainder of this Confidentiality Agreement, but shall be confined in its operation to the provision of this agreement directly involved in the controversy in which such judgment shall have been rendered.

This Confidentiality Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts applicable to contracts executed in and to be performed in that state. All parties and their respective Representatives agree to submit to the personal jurisdiction of the Massachusetts courts in respect to any matter or dispute arising out of this agreement.

Any assignment of this Confidentiality Agreement by Harvard (except to a wholly owned or controlled subsidiary of Harvard) without the Company's prior written consent shall be void.

Any notice pursuant to this Agreement shall be sufficient if delivered in hand against receipt, or sent by facsimile, with electronic confirmation of receipt, and hard copy by first class U.S. mail, postage prepaid, to the following respective addresses:

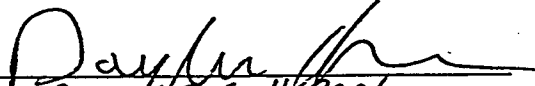
To Company: Cambridge Electric Light Company
 800 Boylston Street, 17th Floor
 Boston, MA 02199
 Attn: Douglas S. Horan, Senior Vice President, Clerk and General
 Counsel
 Fax: (617) 424-2733

To Harvard:

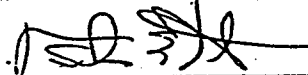
Robert E. McGaw, Esquire
Office of the General Counsel
Harvard University
Holyoke Center, Suite 980
1350 Massachusetts Avenue
Cambridge, Massachusetts 02138

IN WITNESS WHEREOF, the Company and Harvard have caused this Confidentiality Agreement to be executed by their respective duly authorized representatives as of June 28, 2002.

CAMBRIDGE ELECTRIC LIGHT COMPANY

By: 
Name: DOUGLAS S. HORAN
Title: SENIOR V.P.

THE PRESIDENT AND FELLOWS OF HARVARD COLLEGE

By: 
Name: _____
Title: _____

NSTAR STEAM CORPORATION

By: 
Name: RICHARD S. HAHN
Title: PRESIDENT

ACKNOWLEDGMENT AND AGREEMENT OF CONFIDENTIALITY OBLIGATION

The undersigned has received, or is to receive, certain information relating to the land, improvements, and/or equipment comprising Blackstone Station which has been supplied or is to be supplied by Cambridge Electric Light Company and NSTAR Steam Corporation under the Confidentiality and Nondisclosure Agreement dated June 28, 2002, a copy of which is attached hereto (the "Confidentiality Agreement," terms defined therein being used herein with the same meaning). The undersigned hereby confirms that they have read the Confidentiality Agreement and the undersigned hereby agrees to observe, be bound by, and strictly comply with all of the terms and obligations set forth in the Confidentiality Agreement with respect to all Proprietary Information governed thereby that is received by the undersigned, including without limitation the obligations provided therein respecting the nondisclosure of the Proprietary Information, limitations on the use thereof, protection of the Proprietary Information from unauthorized disclosure, and return or destruction of materials containing Proprietary Information when required under the Confidentiality Agreement. For any violation of the foregoing obligations by the undersigned, the undersigned will be liable to President and Fellows of Harvard College ("Harvard") and will defend and indemnify Harvard for same.

IN WITNESS WHEREOF, intending to be legally bound, the undersigned, on behalf of the entity so named, has executed this Acknowledgment of Confidentiality Obligation as an instrument under seal on the date set forth below.

Waldron Engineering, Inc
Name of Entity

[Signature]
Authorized Representative's Signature

Name (print): Terence Waldron

Title: President

Date: 7-8-02

SCHEDULE 1

DESCRIPTION OF STEAM LINES AND EASEMENTS

1. DESCRIPTION OF STEAM LINES

The Steam Line is a utility distribution system used to deliver steam supply service from the Blackstone Station site in Cambridge to Harvard and the Genzyme Corporation sites in Allston Landing. The Steam Line includes (a) two, 10-inch steel steam supply pipes, ASTM 106 Gr.b, Seamless Sch 40 with 4 inches of foamglass insulation; (b) one, 8-inch steel condensate return pipe, ASTM 106 Gr.b, Seamless Sch 80 with 2 inches of foamglass insulation; and (c) all other pipes, valves, expansion joints, anchors, manholes, thermal insulation, metering devices, steam traps, or other equipment associated with the utility distribution system.

The route taken by the Steam Line is generally described as follows:

The Steam Line originates in Blackstone Station, exits the northwest corner of the Blackstone Station site and continues northerly into Western Avenue for a distance of approximately 30 feet;

The Steam Line turns left and continues westerly down Western Avenue and across the Western Avenue Bridge over the Charles River for a distance of approximately 820 feet to a point at which there is a manhole (designated as manhole WA-4);

At the manhole, the Steam Line:

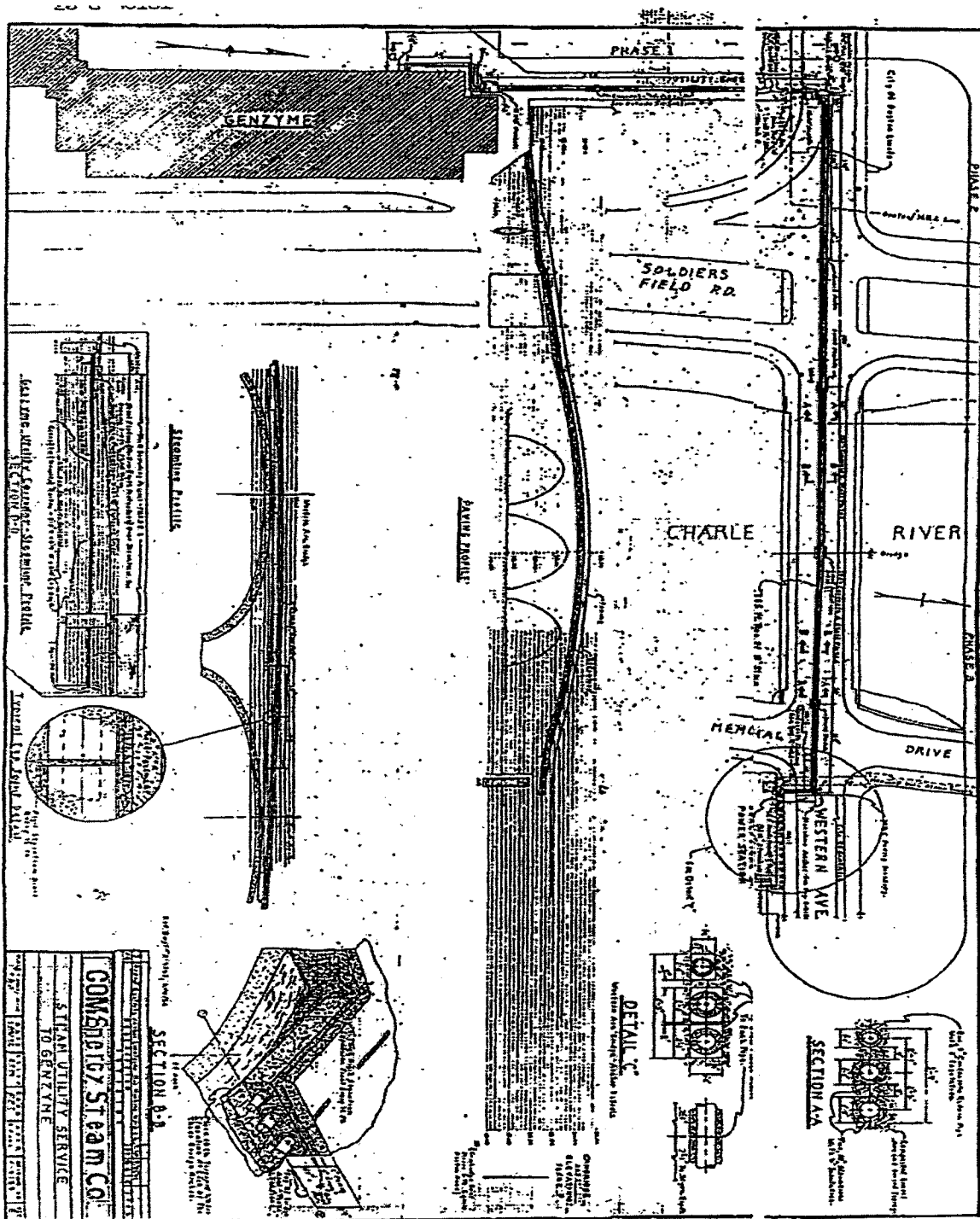
- a. turns southerly in Western Avenue and continues to the foundation wall of the Genzyme building property line where it terminates.
- b. turns northerly in Western Avenue and continues to the Harvard property line at the site of Harvard's building known as One Western Avenue, Boston, (Allston), Massachusetts.

2. DESCRIPTION OF EASEMENTS

- a. Grant of Right of Entry and Easement between Allston Landing Limited Partnership and COM/Energy Steam Company dated October 21, 1992.

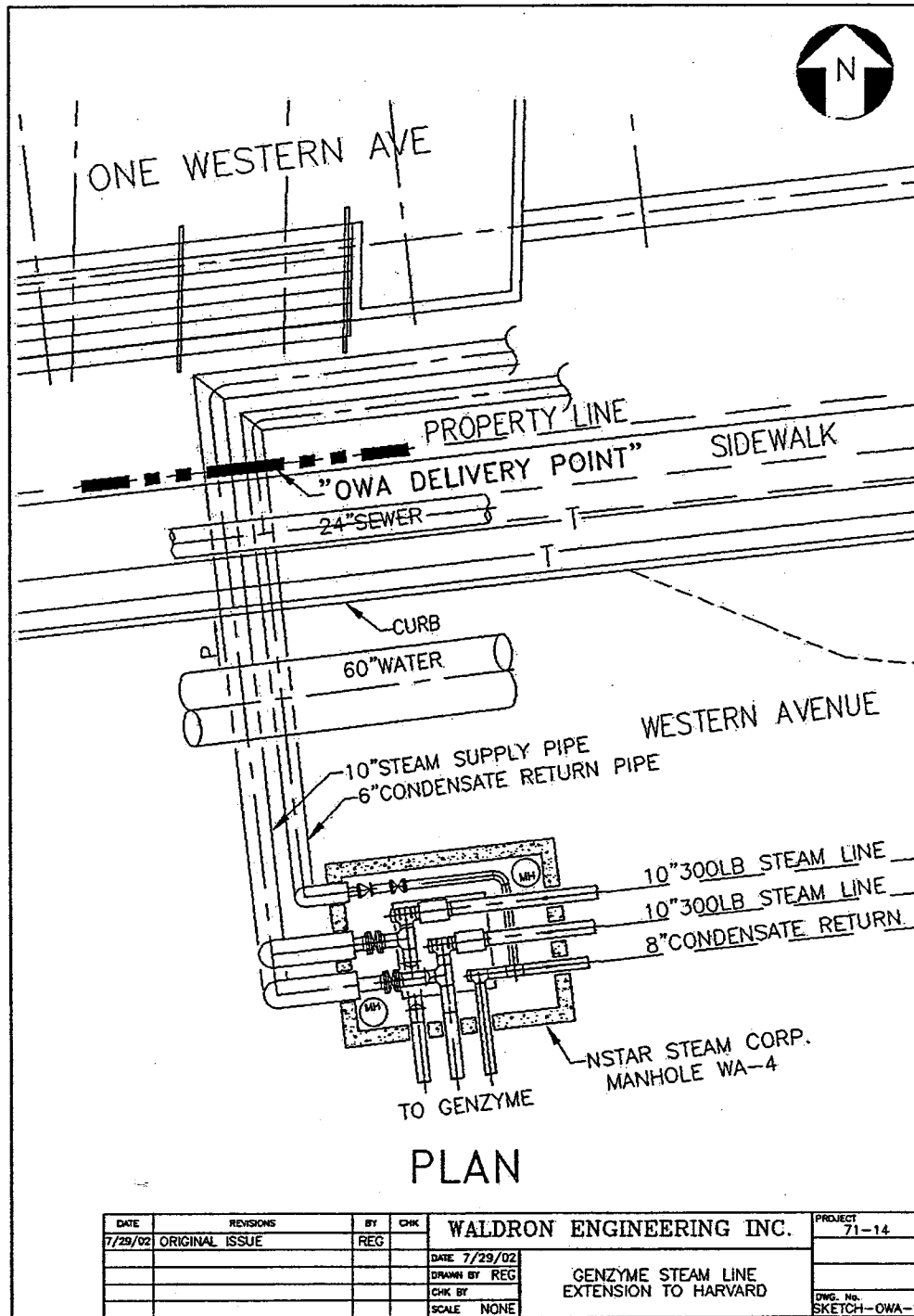
Schedule 2

Plan of Steam Lines



Schedule 2 (continued)

Plan of Steam Lines



SCHEDULE 3

LEASES

1. Equipment Lease Agreement with Purchase Option, dated as of October 27, 2000, by and between Copelco Capital, Inc. and Advanced Energy Systems Management Company, Inc., as agent for COM/Energy Steam Company, relating to one Nissan fork lift, model no. TN30.

SCHEDULE 4

PERMITS

	Description	Issued By	Issue Date	Expiration	Notes
1	Conduit License Agreement	City of Boston Public Improvements Commission	09/17/1992	By either party with one year notice	For two 10" steam lines and one 8" condensate line
2	Grant of Location	MDC	10/01/1992	N/A	To install 750' of steam line

SCHEDULE 5

CONTRACTS

1. Agreement for Steam Service dated February 5, 1993 by and between COM/Energy Steam Company and President and Fellows of Harvard College
2. Agreement for Steam Service dated August 25, 1992 by and between COM/Energy Steam Company and Genzyme Corporation.

SCHEDULE 6

WARRANTIES

None.

SCHEDULE 7

SELLER'S NONCONTRAVENTION REPRESENTATION SCHEDULE

None.

SCHEDULE 8

SELLER'S CONTRACT REPRESENTATION SCHEDULE

1. Equipment Lease Agreement with Purchase Option, dated as of October 27, 2000, by and between Copelco Capital, Inc. and Advanced Energy Systems Management Company, Inc., as agent for COM/Energy Steam Company, relating to one Nissan fork lift, model no. TN30.
2. Agreement for Steam Service dated February 5, 1993 by and between COM/Energy Steam Company and President and Fellows of Harvard College
3. Agreement for Steam Service dated August 25, 1992 by and between COM/Energy Steam Company and Genzyme Corporation.

SCHEDULE 9

SELLER'S COMPLIANCE WITH LAWS AND PERMITS
REPRESENTATION SCHEDULE

None.

SCHEDULE 10

SELLER'S PROCEEDINGS REPRESENTATION SCHEDULE

None.

SCHEDULE 11

SELLER'S ENVIRONMENTAL REPRESENTATION SCHEDULE

None.

SCHEDULE 12

SELLER'S CONDEMNATION REPRESENTATION SCHEDULE

None.

SCHEDULE 13

SELLER'S INSURANCE SCHEDULE

<u>Policy Type</u>	<u>Policy Period</u>	<u>Limit</u>	<u>Insurer</u>	<u>Notes</u>
Primary Automobile Liability:	6/01/02 - 6/01/03	500,000	Liberty Mutual	
General Liability:		500,000	Self-insured	
Excess Liability Insurance:				
- 1st layer	6/01/02 - 6/01/03	2,000,000	Energy Insurance Bermuda	Claims First Made
- 2nd layer	6/01/02 - 6/01/03	35,000,000	Associated Electric & Gas Insurance Services, Ltd.	Claims First Made
- 3rd layer	8/25/99 - 8/25/02	100,000,000	Energy Insurance Mutual	Claims First Made
- 4th layer	6/01/02 - 6/01/03	15,000,000	Fireman's Fund	Claims First Made
All Risk Property and Boiler & Machinery:		1,000,000	Self-insured	
- 1st layer *	12/01/01 - 12/01/02	2,500,000	Energy Insurance Bermuda	Replacement Cost
- 2nd layer *	12/01/01 - 12/01/02	50,000,000	Lloyd's of London, EIM/XL, Liberty Surplus	Replacement Cost
* Including Business Interruption		1,784,000	(45 day deductible)	Actual Loss Sustained
Other coverages purchased by NSTAR include Crime, Directors and Officers Liability, Fiduciary Liability and Workers Compensation. All NSTAR employer subsidiaries are covered under an excess Workers Compensation Policy with Liberty Mutual, policy period 2/1/02 - 2/1/03, policy limit of \$25,000,000, excess of \$500,000 self-insurance.				

LEASE

ARTICLE 1

Reference Data

1.1 Subject Referred To.

Each reference in this Lease to any of the following subjects shall be construed to incorporate the data stated for that subject in this Section 1.1.

<i>Date of this Lease:</i>	August 1, 2002
<i>Building(s):</i>	The buildings shown on the plan attached as Exhibit A as Building 6, Building 7, Building 8, Building 9, Building 10(a), Building 10(b), Building 11 and Building 12 located at 46 Blackstone Street, Cambridge, Massachusetts (hereinafter collectively referred to as the "Building"), on the parcel of land shown on a plan by Gunther Engineering, Inc. dated August 1, 2002, to be recorded in Middlesex South District Registry of Deeds, which parcel of land is shown as Exhibit A-1 (the Building and such parcel of land hereinafter being collectively referred to as the "Property").
<i>Premises:</i>	Those areas of Building 6, Building 7, Building 8, Building 9, Building 10(a), Building 10(b), Building 11 and Building 12, the areas of which are set forth on Exhibit B.
<i>Landlord:</i>	Cambridge Electric Light Company
<i>Original Notice Address of Landlord:</i>	Douglas S. Horan, Esquire Senior Vice President and General Counsel Boston Edison Company 800 Boylston Street, 17 th Floor Boston, MA 02199
<i>Tenant:</i>	President and Fellows of Harvard College
<i>Original Notice Address of Tenant:</i>	Thomas E. Vautin Associate Vice President for Facilities and Environmental Services Harvard University Holyoke Center, Room 761

1350 Massachusetts Avenue
Cambridge, MA 02138

Term: Approximately 1 year

Commencement Date: August 1, 2002

Expiration Date: Upon the earlier of the purchase of Property by Tenant, or the termination of the Purchase and Sale Agreement (as defined below), but in no event shall the Expiration Date be later than June 30, 2003, all as more particularly set forth in Section 2.2 below.

Base Rent: \$66,223.66 per month

Permitted Uses: Office use, warehouse and storage use, vehicle and equipment storage and repair service, personnel and institutional uses desired by Tenant, and any other uses allowed by law or Landlord's previous uses of the Premises.

Public Liability Insurance Limits:

Commercial General Liability: \$1,000,000 per occurrence.
\$5,000,000 general aggregate.

Broker: None

1.2 *Exhibits.*

The Exhibit listed below in this section is incorporated in this Lease by reference and is to be construed as a part of this Lease.

EXHIBIT A	Plan showing the Building and Property
EXHIBIT A-1	Plan of Land
EXHIBIT B	Lease Square Footage Calculations

1.3 *Table of Articles and Sections.*

ARTICLE 1 -- Reference Data

1.1	Subjects Referred To
1.2	Exhibits
1.3	Table of Articles and Sections

ARTICLE 2 -- Premises and Term

- 2.1 Premises
- 2.2 Term

ARTICLE 3 – Condition of Premises

- 3.1 As-Is Condition

ARTICLE 4 -- Rent

- 4.1 The Fixed Rent
- 4.2 Additional Rent
- 4.2.1 Personal Property Taxes
 - 4.2.2 Operating Costs
 - 4.2.3 Insurance

ARTICLE 5 – Landlord’s Covenants

- 5.1 Affirmative Covenants
- 5.1.1 HVAC
 - 5.1.2 Electricity
 - 5.1.3 Water and Sewer
 - 5.1.4 Fire Alarms and Security
 - 5.1.5 Repairs
 - 5.1.6 Insurance
 - 5.1.7 Access to Premises
- 5.2 Interruption
- 5.3 Hazardous Materials
- 5.4 Indemnification

ARTICLE 6 – Tenant’s Additional Covenants

- 6.1 Affirmative Covenants
- 6.1.1 Perform Obligations
 - 6.1.2 Use
 - 6.1.3 Repair and Maintenance
 - 6.1.4 Compliance with Law
 - 6.1.5 Indemnification
 - 6.1.6 Landlord’s Right to Enter

6.1.7	Personal Property at Tenant's Risk
6.1.8	Yield Up.....
6.2	Negative Covenants
6.2.1	Assignment and Subletting.....
6.2.2	Nuisance
6.2.3	Hazardous Wastes and Materials
6.2.4	Installation, Alterations or Additions
6.2.5	Abandonment

ARTICLE 7 -- Casualty or Taking

7.1	Termination.....
7.2	Restoration
7.3	Award

ARTICLE 8 -- Defaults

8.1	Events of Default
8.2	Remedies.....
8.3	Remedies Cumulative.....
8.4	Landlord's Right to Cure Defaults
8.5	Effect of Waivers of Default
8.6	No Waiver, etc.
8.7	No Accord and Satisfaction.....

ARTICLE 9 -- Miscellaneous Provisions

9.1	Notices From One Party to the Other
9.2	Quiet Enjoyment
9.3	Landlord's Default
9.4	Brokerage
9.5	Applicable Law and Construction.....
9.6	Purchase Agreement
9.7	Names and Logos

ARTICLE 2
Premises and Term

- 2.1 Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, the Premises, excluding the roof, exterior faces of exterior walls, the common stairways, stairwells, elevators and elevator shafts, and pipes, ducts, conduits, wires, and appurtenant fixtures serving the Premises exclusively or in common with other parts of the Building.

In addition to the foregoing, Tenant shall have, as appurtenant to the Premises, rights to use in common with Landlord (to the extent such facilities now exist): (a) the common lobbies, hallways, stairways, loading dock, and elevators of the Building, (b) common walkways and driveways necessary for access to the Building, (c) the parking areas serving the Building, including the use of the courtyard, provided in each instance that the use of said areas by Tenant shall not unreasonably interfere with the continued operation by Landlord of the existing steam and electric generation and distribution facilities located on the Property.

- 2.2 Term. TO HAVE AND TO HOLD for a term beginning on the Commencement Date, and ending on the Expiration Date, or unless sooner terminated as provided elsewhere in this Lease (the "Term"). The Expiration Date shall be the earlier of (i) the date upon which the deed to the Property is transferred to the Tenant and the closing contemplated per that certain Purchase and Sale Agreement between Tenant and Landlord, executed simultaneously herewith (the "Purchase and Sale Agreement"), occurs or (ii) the Purchase and Sale Agreement is terminated per the terms and conditions contained therein; provided, however, in no event shall the Term be later than June 30, 2003.

ARTICLE 3
Condition of Premises

- 3.1 As-Is Condition. The Premises are leased to Tenant in "AS-IS" condition without any warranties or representations by Landlord as to the condition or suitability of the Premises and without any obligation on the part of Landlord to construct or prepare the Premises for Tenant's use and occupancy.

ARTICLE 4

Rent

- 4.1 The Fixed Rent. Beginning on the Commencement Date, Tenant covenants and agrees to pay rent (the "Fixed Rent") to Landlord at the Original Address of Landlord or at such other place or to such other person or entity as Landlord may by notice in writing to Tenant from time to time direct, in the amount of the Base Rent, in advance, on the first day of each calendar month included in the term; and for any portion of a calendar month

following the Commencement Date or at the end of the term, at that rate payable in advance for such portion.

- 4.2 *Additional Rent.* Tenant covenants and agrees to pay, as Additional Rent, insurance costs, and personal property taxes with respect to the Premises as provided in this Section 4.2 as follows:

4.2.1 *Personal Property Taxes.* Tenant shall pay all taxes charged, assessed or imposed upon the personal property of Tenant in or upon the Premises, if required by law to pay same.

4.2.2 *Insurance.* Tenant shall, at its expense, as Additional Rent, take out and maintain throughout the term the following insurance protecting Landlord:

4.2.2.1 Commercial general liability insurance naming Landlord, Tenant, and Landlord's managing agent and any mortgagee of which Tenant has been given notice as insureds or additional insureds and indemnifying the parties so named against all claims and demands for death or any injury to person or damage to property that may be claimed to have occurred on the Premises, (to the extent caused by the negligence of Tenant), in amounts which shall, at the beginning of the term, be at least equal to the limits set forth in Section 1.1, and, which, from time to time during the term, shall be for such higher limits, if any, as are customarily carried in the area in which the Premises are located on property similar to the Premises and used for similar purposes; and workmen's compensation insurance with statutory limits covering all of Tenant's employees working on the Premises. So long as Tenant is President and Fellows of Harvard College, Tenant may self insure for all or any portion of the insurance required under this Lease. So long as Tenant is President and Fellows of Harvard College, Tenant may use Controlled Risk Insurance Company of Vermont, Inc. ("CRICO") as its insurer for all or any portion of the insurance to be provided by Tenant.

4.2.2.2 Fire insurance with the usual extended coverage endorsements covering all Tenant's furniture, furnishings, fixtures and equipment.

4.2.2.3 Tenant agrees to furnish Landlord with certificates evidencing all such insurance or self-insurance prior to the beginning of the term hereof and evidencing renewal thereof at least thirty days prior to the expiration of any such policy. Each such policy shall be non-cancelable with respect to the interest of Landlord without at least thirty days' prior written notice thereto. In the event provision for any such insurance is to be by a blanket insurance policy, the policy shall allocate a specific and sufficient amount of coverage to the Premises.

4.2.2.4 All insurance that is carried by either party with respect to the Property, Building, Premises or to furniture, furnishings, fixtures, or equipment therein

or alterations or improvements thereto, whether or not required, shall include provisions that either designate the other party as one of the insureds or deny to the insurer acquisition by subrogation of rights of recovery against the other party to the extent such rights have been waived by the insured party prior to occurrence of loss or injury, insofar as, and to the extent that, such provisions may be effective without making it impossible to obtain insurance coverage from companies qualified to do business in the Commonwealth of Massachusetts (even though extra premium may result therefrom). In the event that extra premium is payable by either party as a result of this provision, the other party shall reimburse the party paying such premium the amount of such extra premium. If at the request of one party, this non-subrogation provision is waived, then the obligation of reimbursement shall cease for such period of time as such waiver shall be effective, but nothing contained in this subsection shall derogate from or otherwise affect releases elsewhere herein contained of either party for claims. Each party shall be entitled to have certificates of any policies containing such provisions. Each party hereby waives all rights of recovery against the other for loss or injury against which the waiving party is protected by insurance containing said provisions, reserving, however, any rights with respect to any excess of loss or injury over the amount recovered by such insurance.

4.2.2.5 So long as Tenant is President and Fellows of Harvard College, Tenant may self-insure for all or any portion of the insurance required to be carried by Tenant under this Lease. So long as Tenant is President and Fellows of Harvard College, Tenant may use CRICO as its insurer for all or any portion of the insurance to be provided by Tenant.

ARTICLE 5

Landlord's Covenants

5.1 *Affirmative Covenants.* Landlord covenants with Tenant:

- 5.1.1 *HVAC.* To furnish and pay for heating, air conditioning and ventilation ("HVAC") to the Premises, to the extent such facilities now exist and are in operation.
- 5.1.2 *Electricity.* To furnish and pay for electricity to the Premises, to the extent such electric service now exists and is in use.
- 5.1.3 *Water and Sewer.* To furnish and pay for water and sewer services for ordinary cleaning, drinking, lavatory and toilet facilities, to the extent such facilities now exist and are in operation.
- 5.1.4 *Fire Alarms and Security.* To maintain fire alarm systems within the Building if there are any and to provide security for the Property, to the extent such service is now provided. In the event that such security is not now provided, Harvard shall have the right to procure security for the Property for such times and in such manner

as Harvard may require and Harvard will pay for any out-of-pocket costs associated therewith while this Lease is in effect.

- 5.1.5 Repairs. Landlord shall have no obligation to make any repairs and replacements to the roof, exterior walls, floor slabs and other structural components of the Building, and to the common areas, facilities and plumbing, electrical, heating, air conditioning and ventilating systems of the Building, specifically under the terms of, or by virtue of this Lease. Tenant may at any time request that Landlord perform items of repair or maintenance at Tenant's sole cost and expense, and Landlord will use commercially reasonable efforts to accommodate such request.
- 5.1.6 Insurance. To maintain or cause to be maintained during the Term policies of insurance against loss or damage from fire or other casualty in an amount equal to the coverage existing at the Commencement Date, which coverage is further described in the Purchase and Sale Agreement.
- 5.1.7 Access to Premises. Landlord shall provide Tenant with access to the Premises 24 hours per day, 7 days per week.
- 5.2 Interruption. Landlord shall have no responsibility or liability for failure or interruption of any of the above-described services, repairs or replacements caused by breakage, accident, strikes, repairs, inability to obtain supplies, labor or materials, or for any other causes beyond the control of the Landlord, and in no event for any direct, indirect or consequential damages to Tenant.
- 5.3 Hazardous Materials. Landlord (i) hereby releases Tenant, its subsidiaries and affiliates, and (ii) shall indemnify and save harmless Tenant, its subsidiaries and affiliates, from and against all claims, including diminution of value claims, loss to persons or property, damage, demands, lawsuits, liabilities, costs, charges or penalties (the "Claim(s)") incurred by, or asserted against Tenant to the extent the Claim(s) is asserted by reason of Tenant's status as tenant under this Lease and arises from or relates to a release, or threat of release, at, on or under the Premises or Landlord's property abutting the Premises (whether now existing or hereafter arising), including, without limitation, liability under any federal state or local laws, requirements and regulations; provided, however, this release and indemnity shall not apply to the extent the Claim(s) arises out of Tenant's or Tenant's agents, employees and contractors use, disposal or release of hazardous wastes, hazardous materials, or oil at, on or under the Premises, or Landlord's property abutting the Premises. This provision shall survive the expiration of the Term. This provision is specific and limited to this Lease, and the circumstances described herein, and nothing herein shall be deemed to affect, modify, amend, supersede or vary any term or provision of any prior, contemporaneous or subsequent agreement between the parties.
- 5.4 Indemnification. Landlord shall indemnify and save Tenant harmless from and against any and all claims, liabilities or penalties asserted by or on behalf of any person, firm, corporation or public authority on account of injury, death, damage or loss to person or property arising out of the use or occupancy of the property abutting the Premises by

Landlord or by any person claiming by, through or under Landlord (including, without limitation, all agents, contractors and employees of Landlord), or arising out of any delivery to or service supplied to the property abutting the Premises on account of Landlord, except to the extent the same was caused by the negligence, fault or willful misconduct of Tenant, its agents, contractors or employees. In respect of all of the foregoing, Landlord shall indemnify Tenant from and against all costs, expenses (including reasonable attorneys' fees), and liabilities incurred in or in connection with any such claim, action or proceeding brought thereon; and, in case of any action or proceeding brought against Tenant by reason of any such claim, Landlord, upon notice from Tenant and at Landlord's expense, shall resist or defend such action or proceeding and employ counsel therefor reasonably satisfactory to Tenant.

ARTICLE 6

Tenant's Additional Covenants

- 6.1 **Affirmative Covenants.** Tenant covenants at all times during the term and for such further time (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:
- 6.1.1 **Perform Obligations.** To perform promptly all of the obligations of Tenant set forth in this Lease; and to pay when due the Base Rent and Additional Rent and all charges, rates and other sums which by the terms of this Lease are to be paid by Tenant.
- 6.1.2 **Use.** To use the Premises for the Permitted Uses, and from time to time to procure all licenses and permits necessary therefor, at Tenant's sole expense. With respect to any licenses or permits for which Tenant may apply, pursuant to this subsection 6.1.2 or any other provision hereof, Tenant shall furnish Landlord with copies of applications therefor on or before their submission to the governmental authority, and upon request of Tenant, Landlord shall cooperate with Tenant, at no out of pocket costs to Landlord, including, but not limited to, countersigning any such application as may be required in connection with the procurement of such licenses and permits.
- 6.1.3 **Repair and Maintenance.** To maintain the Premises in clean and neat order and condition, to perform all cleaning for the Premises, and to perform all routine and ordinary repairs to the Premises and to any plumbing, heating, electrical, and ventilating systems located within the Premises, as such are necessary to keep them in the same order, appearance and condition, as existed on the date of delivery of the Premises to Tenant by Landlord, reasonable use and wear thereof and damage by fire or by unavoidable casualty only excepted; to keep all glass in windows and doors of the Premises whole and in good condition with glass of the same quality as that injured or broken; and to make as and when needed as a result of misuse by, or neglect or improper conduct of Tenant or Tenant's contractors, employees, agents, invitees or licensees or otherwise, all repairs necessary, which repairs and replacements shall be in quality and class equal to the original work.

- 6.1.4 Compliance with Law. As between Landlord and Tenant, Tenant shall have the obligation to make any repairs, alterations, additions or replacements to the Premises required by any law or ordinance or any order or regulation of any public authority; to keep the Premises equipped with all safety appliances so required; and to comply with the orders and regulations of all governmental authorities with respect to zoning, building, fire, health and other codes, regulations, ordinances or laws applicable to the Premises, except that Tenant may defer compliance so long as the validity of any such law, ordinance, order or regulations shall be contested by Tenant in good faith and by appropriate legal proceedings.
- 6.1.5 Indemnification. To save Landlord harmless, and to exonerate and indemnify Landlord from and against any and all claims, liabilities or penalties asserted by or on behalf of any person (including, without limitation, any employee, invitee, agent, contractor or subcontractor of Tenant, or employee of any of the foregoing), firm, corporation or public authority on account of injury, death, damage or loss to person or property in or upon the Premises arising out of the presence at or in, or use or occupancy of the Premises, or actions pursuant to any permit or license held in the name of Landlord, by Tenant or by any person claiming by, through or under Tenant (including, without limitation, all agents, contractors and employees of Tenant), or arising out of any delivery to or service supplied to the Premises on account of Tenant, except if the same was caused by the negligence, fault or willful misconduct of Landlord, its agents, contractors or employees. In respect of all of the foregoing, Tenant shall indemnify Landlord from and against all costs, expenses (including reasonable attorneys' fees), and liabilities incurred in or in connection with any such claim, action or proceeding brought thereon; and, in case of any action or proceeding brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord and at Tenant's expense, shall resist or defend such action or proceeding and employ counsel therefor reasonably satisfactory to Landlord.
- 6.1.6 Landlord's Right to Enter. To permit Landlord and its agents to enter into and examine the Premises at reasonable times upon advance written notice to Tenant.
- 6.1.7 Personal Property at Tenant's Risk. All of the furnishings, fixtures, equipment, effects and property of every kind, nature and description of Tenant and of all persons claiming by, through or under Tenant which, during the continuance of this Lease or any occupancy of the Premises by Tenant or anyone claiming under Tenant, may be on the Premises, shall be at the sole risk and hazard of Tenant and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft or from any other cause, no part of said loss or damage is to be charged to or to be borne by Landlord, except that Landlord shall in no event be indemnified or held harmless or exonerated from any liability to Tenant or to any other person, for any injury, loss, damage or liability to the extent prohibited by law or caused by the negligence or willful misconduct of Landlord, its agents, contractors or employees.

6.1.8 Yield Up. At the expiration of the term or earlier termination of this Lease: to surrender all keys to the Premises; to remove all of its trade fixtures and personal property in the Premises; and all Tenant's signs wherever located; to repair all damage caused by such removal and to yield up the Premises (including all installations and improvements made by Tenant), broom-clean and in the same good order and repair in which Landlord delivered the Premises to Tenant. Improvements, updates, repairs and renovations made to the Premises by Tenant, shall not be removed. Any property not so removed shall be deemed abandoned and, if Landlord so elects, deemed to be Landlord's property, and may be retained or removed and disposed of by Landlord in such manner as Landlord shall determine and Tenant shall pay Landlord the entire cost and expense incurred by it in effecting such removal and disposition and in making any incidental repairs and replacements to the Premises necessary as a result of said removal.

If Tenant remains in the Premises beyond the expiration or earlier termination of this Lease, such holding over shall be without right and shall not be deemed to create any tenancy, but the Tenant shall be a tenant at sufferance only at a daily rate of rent equal to one and one-half (1.5) times the Fixed Rent, Additional Rent, and other charges in effect under this Lease as of the day prior to the date of expiration of this Lease.

6.2 Negative Covenants. Tenant covenants at all times during the term and such further time (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:

6.2.1 Assignment and Subletting. Not to assign, transfer, mortgage or pledge this Lease or to sublease (which term shall be deemed to include the granting of concessions and licenses and the like) all or any part of the Premises or suffer or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be assigned, transferred or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law, or permit the occupancy of the Premises by anyone other than Tenant without the prior written consent of Landlord which consent Landlord may withhold in its sole discretion.

Notwithstanding the provisions of the foregoing paragraph, Tenant may assign this Lease, or sublease all or any part of the Premises, to any party (an "Affiliate") which (i) wholly owns or controls Tenant, (ii) is wholly owned or controlled by Tenant, (iii) is under common ownership or control with Tenant, or (iv) into which or with which Tenant or any of the foregoing parties is merged, consolidated, or reorganized, or to which all or substantially all of Tenant's assets or any such other parties' assets are sold, in each case without Landlord's prior consent.

6.2.2 Nuisance. Not to injure, deface or otherwise harm the Premises; nor commit any nuisance; nor permit in the Premises any inflammable fluids or chemicals (except such as are customarily used in connection with the Permitted Uses); nor permit any cooking to such extent as requires special exhaust venting; nor permit the emission of any objectionable noise or odor; nor make, allow or suffer any waste; nor make

any use of the Premises which is improper, offensive or contrary to any law or ordinance or which will invalidate any of Landlord's insurance; nor conduct any auction, fire, "going out of business" or bankruptcy sales.

- 6.2.3 *Hazardous Wastes and Materials.* Not to use, dispose of, or release any hazardous wastes, hazardous materials or oil on the Premises or the abutting property of Landlord, or into any of the plumbing, sewage, or drainage systems thereon, and to indemnify and save Landlord harmless from all claims, including diminution of value claims, loss to persons or property, damage, demands, lawsuits, liabilities, costs, charges or penalties arising on account of Tenant's use, disposal or release of hazardous wastes, hazardous materials or oil, in the Premises or on the abutting property of Landlord, including, without limitation, liability under any federal, state, or local laws, requirements and regulations. Tenant shall comply with all governmental reporting requirements with respect to hazardous wastes, hazardous materials and oil related to Tenant's use of the Premises under this Lease, and shall deliver to Landlord copies of all reports filed with governmental authorities concerning same.
- 6.2.4 *Installation, Alterations or Additions.* Not to make any installations, alterations or additions in, to or on the Premises without on each occasion obtaining the prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall pay promptly when due the entire cost of any work to the Premises undertaken by Tenant so that the Premises shall at all times be free of liens for labor and materials. Tenant shall procure all necessary licenses and permits at Tenant's sole expense before undertaking such work provided that Landlord shall cooperate with Tenant, at no out of pocket costs to Landlord, in the procurement of such licenses and permits in accordance with the provisions of Section 6.1.2 of this Lease. All such work shall be done in a good and workmanlike manner employing materials of good quality and so as to conform with all applicable zoning, building, fire, health and other codes, regulations, ordinances and laws. Tenant shall save Landlord harmless and indemnified from all injury, loss, claims or damage to any person (including any contractor or subcontractor and their respective employees) or property occasioned by or growing out of such work.
- 6.2.5 *Abandonment.* Not to abandon the Premises during the term; provided, however, if governmental regulations preclude Tenant's use of the Premises, Tenant may terminate this Lease at any time upon at least thirty (30) days prior written notice to Landlord, without penalty, yield up the Premises in accordance with Section 6.1.8, and thereafter no rent (Fixed Rent, Additional Rent, or other charges) thereafter accruing shall be due from Tenant.

ARTICLE 7

Casualty or Taking

- 7.1 Termination. In the event that the Premises or the Building, or any material part thereof, shall be taken by any public authority or for any public use, or shall be destroyed or damaged by fire or casualty, or by the action of any public authority, then this Lease may be terminated at the election of Landlord or Tenant. Such election, which may be made notwithstanding the fact that Landlord's entire interest may have been divested, shall be made by the giving of notice by either party to the other party within sixty (60) days after the date of the taking or casualty.
- 7.2 Restoration. If either Landlord or Tenant does not elect to so terminate, this Lease shall continue in force and a just proportion of the Fixed Rent and Additional Rent reserved, according to the nature and extent of the damages sustained by the Premises, shall be suspended or abated.
- 7.3 Award. Irrespective of the form in which recovery may be had by law, all rights to damages or compensation shall belong to Landlord in all cases; provided, however, that nothing contained herein shall prevent Tenant from applying for reimbursement from the condemning authority (if permitted by law and if such reimbursement will not otherwise reduce Landlord's award) only for moving expenses, or removal of trade fixtures or equipment, or loss of business goodwill. Tenant hereby grants to Landlord all of Tenant's rights to such damages and covenants to deliver such further assignments thereof as Landlord may from time to time request.

ARTICLE 8

Defaults

- 8.1 Events of Default. (a) If Tenant shall default in the performance of any of its obligations to pay the Fixed Rent or Additional Rent hereunder and if such default shall continue for thirty (30) days after written notice from Landlord designating such default or if within thirty (30) days after written notice from Landlord to Tenant specifying any other default or defaults Tenant has not commenced diligently to correct the default or defaults so specified or has not thereafter diligently pursued such correction to completion, or (b) if any assignment shall be made by Tenant or any guarantor of Tenant for the benefit of creditors, or (c) if Tenant's leasehold interest shall be taken on execution, or (d) if a lien or other involuntary encumbrance is filed against Tenant's leasehold interest or Tenant's other property, including said leasehold interest, and is not discharged within ten (10) days thereafter, or (e) if a petition is filed by Tenant for liquidation, or for reorganization or an arrangement under any provision of any bankruptcy law or code as then in force and effect, or (f) if an involuntary petition under any of the provisions of any bankruptcy law or code is filed against Tenant and such involuntary petition is not dismissed within thirty (30) days thereafter, then, and in any of such cases, Landlord and the agents and servants of Landlord lawfully may, in addition to and not in derogation of any remedies for any preceding breach of covenant, immediately or at any time thereafter without demand or notice and with or without process of law enter into and upon the Premises or any part thereof in the name of the whole or mail a notice of termination addressed to Tenant, and repossess the same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant and

remove its and their effects without being deemed guilty of any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or prior breach of covenants, and upon such entry or mailing as aforesaid this Lease shall terminate, Tenant hereby waiving all statutory rights to the Premises (including without limitation rights of redemption, if any, to the extent such rights may be lawfully waived) and Landlord, without notice to Tenant, may store Tenant's effects, and those of any person claiming through or under Tenant, at the expense and risk of Tenant, and, if Landlord so elects, may sell such effects at public auction or private sale and apply the net proceeds to the payment of all sums due to Landlord from Tenant, if any, and pay over the balance, if any, to Tenant.

- 8.2 Remedies. In the event that this Lease is terminated under any of the provisions contained in Section 8.1 or shall be otherwise terminated for breach of any obligation of Tenant, Tenant covenants to pay forthwith to Landlord, as compensation, the excess of the total rent reserved for the residue of the term over the rental value of the Premises for said residue of the term. In calculating the rent reserved there shall be included, in addition to the Fixed Rent and Additional Rent, the value of all other considerations agreed to be paid or performed by Tenant for said residue. In calculating the amounts to be paid by Tenant hereunder, Tenant shall be credited with the net proceeds of any rent obtained by Landlord by reletting the Premises, after deducting all Landlord's reasonable expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, fees for legal services and expenses of preparing the Premises for such reletting, it being agreed by Tenant that Landlord may (i) relet the Premises or any part or parts thereof, for a term or terms which may at Landlord's option be equal to or less than or exceed the period which would otherwise have constituted the balance of the term and may grant such concessions and free rent as Landlord in its sole judgment considers advisable or necessary to relet the same and (ii) make such alterations, repairs and decorations in the Premises as Landlord in its sole judgment considers advisable or necessary to relet the same, and no action of Landlord in accordance with the foregoing or failure to relet or to collect rent under reletting shall operate or be construed to release or reduce Tenant's liability as aforesaid.
- 8.3 Remedies Cumulative. Any and all rights and remedies which Landlord may have under this Lease, and at law and equity, shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time insofar as permitted by law.
- 8.4 Landlord's Right to Cure Defaults. Landlord may, but shall not be obligated to, cure, at any time, without notice, any default by Tenant under this Lease; and whenever Landlord so elects, all costs and expenses incurred by Landlord, including reasonable attorneys' fees, in curing a default shall be paid, as Additional Rent, by Tenant to Landlord on demand, together with lawful interest thereon from the date of payment by Landlord to the date of payment by Tenant.
- 8.5 Effect of Waivers of Default. Any consent or permission by Landlord to any act or omission by or of Tenant which otherwise would be a breach of any covenant or condition herein,

shall not in any way be held or construed (unless expressly so declared) to operate so as to impair the continuing obligation of any covenant or condition herein, or otherwise, except as to the specific instance, operate to permit similar acts or omissions.

- 8.6 No Waiver, etc. The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of Fixed Rent, Additional Rent, or other charge with knowledge of the breach of any covenant of this Lease shall not be deemed to have been a waiver of such breach by Landlord. No consent or waiver, express or implied, by Landlord to or of any breach of any agreement or duty shall be construed as a waiver or consent to or of any other breach of the same or any other agreement or duty.
- 8.7 No Accord and Satisfaction. No acceptance by Landlord of a lesser sum than the Fixed Rent, Additional Rent or any other charge then due shall be deemed to be other than on account of the earliest installment of such rent or charge due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent or other charge be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy in this Lease provided.

ARTICLE 9

Miscellaneous Provisions

- 9.1 Notices. Any notices to be given hereunder shall be sufficient if signed by the Party (or party's attorney) giving same and either (a) delivered in person, or (b) mailed certified mail return receipt requested, or (c) faxed to other party if the sender has evidence of successful transmission and if the sender promptly sends the original by ordinary mail, or (d) the next business day following delivery to an overnight delivery services such as Federal Express or DHL, freight charges prepaid, in any event to the following addresses:

If to Landlord, to:

Douglas S. Horan, Esquire
Senior Vice President, Secretary and General Counsel
Cambridge Electric Light Company
800 Boylston Street, 17th Floor
Boston, MA 02199

With a copy to:

Neven Rabadjija, Esquire
Associate General Counsel
NSTAR Electric & Gas Corporation

800 Boylston Street, 17th Floor
Boston, MA 02199

If to Harvard, to:

Thomas E. Vautin
Associate Vice President for Facilities and Environmental Services
Harvard University
Holyoke Center, Room 761
1350 Massachusetts Avenue
Cambridge, MA 02138

With a copy to Harvard's legal counsel:

Office of the General Counsel
Harvard University
Holyoke Center, Suite 980
1350 Massachusetts Avenue
Cambridge, MA 03038-3834
Attention: Robert E. McGaw, University Attorney
Fax No: (617) 495-5079

By such notice, either party or such party's attorney may specify a new address, which thereafter shall be used for subsequent notices. Any mailed notice by certified or registered mail shall be deemed mailed on the date of postmark of the mailing of the same.

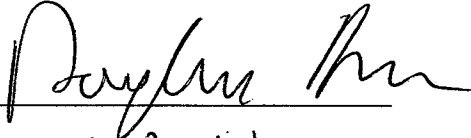
- 9.2 Quiet Enjoyment. Landlord agrees that upon Tenant's paying the Fixed Rent and Additional Rent and performing and observing the agreements, conditions and other provisions on its part to be performed and observed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises during the term hereof without any manner of hindrance or molestation from Landlord or anyone claiming under Landlord, subject, however, to the terms of this Lease.
- 9.3 Landlord's Default. Landlord shall not be deemed to be in default in the performance of any of its obligations hereunder unless it shall fail to perform such obligations and such failure shall continue for a period of thirty days or such additional time as is reasonably required to correct any such default after written notice has been given by Tenant to Landlord specifying the nature of Landlord's alleged default.
- 9.4 Brokerage. Each party warrants and represents to the other that it has dealt with no broker in connection with the consummation of this Lease, and in the event of any brokerage claims, against one party predicated upon prior dealings with the other party, each party agrees to defend the same and indemnify and hold the other party harmless against any such claim.

- 9.5 Applicable Law and Construction. This Lease shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts and, if any provisions of this Lease shall to any extent be invalid, the remainder of this Lease shall not be affected thereby. There are no oral or written agreements between Landlord and Tenant affecting this Lease. This Lease may be amended, and the provisions hereof may be waived or modified, only by instruments in writing executed by Landlord and Tenant. The titles of the several Articles and Sections contained herein are for convenience only and shall not be considered in construing this Lease. Unless repugnant to the context, the words "Landlord" and "Tenant" appearing in this Lease shall be construed to mean those named above and their respective heirs, executors, administrators, successors and assigns, and those claiming through or under them respectively. If there be more than one tenant, the obligations imposed by this Lease upon Tenant shall be joint and several.
- 9.6 Survival of Provisions. Landlord and Tenant further acknowledge that the rights and obligations of the parties under this Lease shall be independent of the rights and obligations of the parties under any other documents . If Tenant does not purchase the Property, the provisions of Section 5.3 of this Lease shall survive the termination of this Lease, otherwise, the Landlord's and Tenant's obligations regarding environmental liability will be governed by the relevant provisions of agreements between the parties regarding the purchase. In all events, the provisions of Sections 6.1.5, 6.2.3 and 6.2.4 shall survive the expiration or earlier termination of this Lease.
- 9.7 Names and Logos. Neither Tenant nor Landlord shall, unless the other party first gives its prior written consent, use or refer to the other party (or its emblems or logos, or those of the affiliates or constituents of the other party), in or on any sign, advertisement (including any newspaper, television, or radio advertisement), commercial announcement, circular, flier, or other publication.

WITNESS the execution hereof under seal on the day and year first above written:

LANDLORD:

CAMBRIDGE ELECTRIC LIGHT
COMPANY

By: 

Its: Sec. Vice President

TENANT:

PRESIDENT AND FELLOWS OF
HARVARD COLLEGE

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

WITNESS the execution hereof under seal on the day and year first above written:

LANDLORD:

CAMBRIDGE ELECTRIC LIGHT
COMPANY

By: _____

Its: _____

TENANT:

PRESIDENT AND FELLOWS OF
HARVARD COLLEGE

By: Sedley Zerkhauser

Its: Vice President for Administration

By: Kenneth Appleton

Its: Authorized Signatory

By: [Signature]

Its: Assoc. Vice President - Facilities/Environmental
Services

WESTERN AVENUE

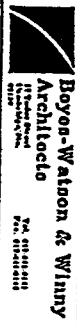
MEMORIAL DRIVE

ALBRO STREET

BLACKSTONE STREET

PUTNAM AVENUE

SPALDING & SLICE COLLIERS



COM ENERGY

SECOND FLOOR EXISTING SQ. FT.

12710

1" = 20'

12/1/99

A-4

LOT AREA
112,442 SQ./FT

10B
4800 SQ. FT

10A
4580 SQ. FT

7
3,100 SQ. FT

8
3,560 SQ. FT

15
4144 SQ. FT

16
10500 SQ. FT

17
2822 SQ. FT

LOT AREA
44,368 SQ./FT

- 1 TURBOGENERATOR ROOM
- 2 BOILER ROOM
- 3 BOILER ROOM
- 4 OIL PUMP ROOM
- 5 OFFICE AND SERVICE BUILDING
- 6 STOREHOUSE
- 7 TRUCK GARAGE
- 8 AUTO STORAGE
- 9 GARAGE
- 10 DRAINAGE BUILDING
- 11 SWITCH HOUSE
- 12
- 13
- 14
- 15
- 16
- 17

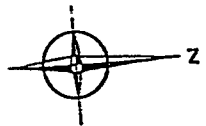


EXHIBIT A

AUG 1 2002

PARCEL I:

GUNTHER ENGINEERING, INC.

A certain parcel of land, with all of the buildings and improvements thereon, situated on the southerly side of Western Avenue, the westerly side of Blackstone Street and the easterly side of Memorial Drive in the City of Cambridge, Middlesex County, Commonwealth of Massachusetts, and being shown on a plan entitled: "46 Blackstone Street, Plan Land in Cambridge, Massachusetts, Middlesex County", dated August 1, 2002, drawn by Gunther Engineering, Inc., to be recorded herewith, and being further described, according to said Plan, as follows:

Beginning at a point on the southerly side of said Western Avenue, said point being at the northwesterly corner of the parcel herein described and in the southerly sideline of said Western Avenue, thence running

SOUTH 85°-07'-00" EAST by said Western Avenue, by three lines totaling Two Hundred Eighty-Three and 59/100 (283.59) Feet to a point on the westerly sideline of said Blackstone Street; thence turning and running

SOUTH 05°-00'-00" WEST by said Blackstone Street, a distance of Three Hundred Sixty and 20/100 (360.20) Feet to a point on the boundary line with land now or formerly of the Trustees of Rivertech Realty Trust; thence turning and running

NORTH 84°-54'-37" WEST by said land now or formerly of the Trustees of Rivertech Realty Trust, a distance of Three Hundred Thirty-Two and 31/100 (332.31) Feet to a point on the easterly sideline of said Memorial Drive; thence turning and running

along said Memorial Drive, on a curve to the right having a radius of 16281.19 feet a distance of Forty and 19/100 (40.19) Feet to a point in the northerly sideline of Albro Street; thence turning and running

SOUTH 84°-54'-37" EAST by said Albro Street, a distance of Seven and 14/100 (7.14) Feet to a point on said easterly sideline of Memorial Drive; thence turning and running

NORTH 05°-05'-23" EAST by said Memorial Drive, a distance of Fifty and 00/100 (50.00) Feet to a point at the parcel herein described; thence turning and running

NORTH 84°-54'-37" WEST by a portion of the parcel herein described, a distance of Two and 14/100 (2.14) Feet to a point on said easterly sideline of Memorial Drive; thence turning and running

along said Memorial Drive, on a curve to the right having a radius of 16281.19 feet a distance of One Hundred Seven and 14/100 (107.14) Feet to a point on said easterly sideline of Memorial Drive; thence turning and running

EXHIBIT A
(continued)

along said Memorial Drive, on a curve to the right having a radius of 7000.00 feet a distance of One Hundred Fifty-Four and 99/100 (154.99) Feet to a point in said easterly sideline of Memorial Drive; and thence turning and running

along said Memorial Drive, on a curve to the right having a radius of 10.00 feet a distance of Fourteen and 38/100 (14.38) Feet to the point of beginning.

Containing, according to said Plan, 2.581 acres, more or less.

There is included within the above described parcel of land the following described parcel of registered land:

That certain parcel of Land situate in Cambridge in the County of Middlesex and Commonwealth of Massachusetts, bounded and described as follows:

Easterly by the westerly line of Blackstone Street, twenty (20) feet;
Southerly by land now or formerly of the Houghton Mifflin Company three hundred thirty-two and 26/100 (332.26) feet;
Westerly by the easterly line of Charles River Road forty and 19/100 (40.19) feet;
Northerly by land now or formerly of Cambridge Electric Light Company one hundred eighty-eight and 33/100 (188.33) feet;
Easterly twenty (20) feet; and
Northerly one hundred forty (140) feet by land now or formerly of Standard Dairy Company.

All of said boundaries are determined by the Court to be located as shown upon plan numbered 9349A, which will be filed with the original certificate of title issued on this decree, the same being compiled from a plan drawn by W. A. Mason & Son Co., Surveyors, dated May, 1922, and additional data on file in the Land Registration Office, all as modified and approved by the Court.

WESTERN AVENUE (PUBLIC - 66' WIDE) CITY NOTES - F.B. 174/17 (1944)

CHARLES RIVER

BRIDGE

DRIVE

STEAM TUNNEL

STONE GATEPOSTS

SMOKE STACK

"TURBOGENERATOR ROOM"

"BOILER ROOM"

"BOILER ROOM"

"OFFICE AND SERVICE BUILDING"

"STOCK ROOM"

"TRUCK GARAGE"

"STORAGE AND OFFICES"

"MAINTENANCE BUILDING"

"GARAGE"

"AUTO STORAGE"

"CAMBRIDGE ELECTRIC LIGHT COMPANY"

"40' WIDE METROPOLITAN SEWER EASEMENT"

"ACCESS EASEMENT"

"PARKING"

"TRUSTEES OF RIVERTECH REALTY TRUST"

"L.C. 8817 C (1978)"

"N 10490.07"

"E 20394.79"

"S 85°07'00" E 283.58"

"S 05°00'00" W 360.20"

"N 05°00'32" E - S.E.B. DWG. NO. 15.01M, 1983)"

"N 05°00'00" E"

"BLACKSTONE STREET"

"CITY NOTES - F.B. 174/16 (1944)"

"(PUBLIC - 50' WIDE)"

"FORMERLY AMPERE STREET"

"359.70"

"519.84"

"(319.66 r)"

"S 84°54'37" W 332.31 (132.28)"

"S 84°15'40" E 283.12"

"S 84°01'53" E 88.83"

"E 20363.40"

"N 10121.23"

"E 20363.40"

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EXHIBIT B

Blackstone/Harvard Lease SF calculations

Building #	Floor	Total Square-foot	NSTAR occupied areas	Net SF to Harvard
6	basement	6,500		6,500
6	1st floor	6,500	2,000 for NSTAR (office)	4,500
6	2nd floor	6,500	2,000 for NSTAR (office)	4,500
6	3rd floor	2,000		2,000
7	basement	1,700		1,700
7	1st floor	1,700		1,700
7	2nd floor	1,700	1,700 for NSTAR (office)	0
8	1st floor	375		375
9	1st floor	2,480		2,480
10a	basement	4,550		4,550
10a	1st floor	4,550		4,550
10a	2nd floor	4,550		4,550
10b	basement	4,800		4,800
10b	1st floor	4,800		4,800
10b	2nd floor	4,800		4,800
10b	3rd floor	4,800		4,800
10b	4th floor	4,800		4,800
11	1st floor	1,874		1,874
12	1st floor	8,965	8,965 for NSTAR (garage), need entire floor	0
12	2nd floor	8,965		8,965
		86,909		72,244

OPERATING AGREEMENT
BETWEEN NSTAR STEAM CORPORATION
AND PRESIDENT AND FELLOWS OF HARVARD COLLEGE

THIS AGREEMENT for operation and maintenance services is entered into as of this 1st day of August, 2002, by and between NSTAR STEAM CORPORATION, a Massachusetts corporation having its principal place of business at 800 Boylston Street, Boston, Massachusetts ("NSTAR Steam"); and PRESIDENT AND FELLOWS OF HARVARD COLLEGE, a charitable and educational corporation established under Harvard Charter 1650 from the General Courts of the Massachusetts Bay Colony, and ratified by the Constitution of Massachusetts in 1780, having its principal place of business at 1350 Massachusetts Avenue, Cambridge, Massachusetts ("Harvard").

WHEREAS, Harvard has, as of the date hereof, entered into a purchase and sale agreement with NSTAR Steam's affiliate, Cambridge Electric Light Company ("CELCo") (the "CELCo Purchase and Sale Agreement"), pursuant to which Harvard will purchase from CELCo the real property and improvements known as Blackstone Station and the tangible personal property used to produce steam at Blackstone Station (the "Generating Facility");

WHEREAS, Harvard has as of the date hereof entered into a purchase and sale agreement with NSTAR Steam (the "NSTAR Steam Purchase and Sale Agreement"), pursuant to which Harvard will purchase from NSTAR Steam certain steam lines used by NSTAR Steam for the distribution of steam, and certain agreements for steam service, defined in the NSTAR Steam Purchase and Sale Agreement as the Steam Lines and Steam Contracts (which are identified in section 1.3 hereof), respectively;

WHEREAS, Harvard desires to retain NSTAR Steam to operate and maintain the Generating Facility and the Steam Equipment (collectively, the "Blackstone Station Steam Production Facility" or the "Facility") during the term hereof, in order to perform the obligations of the seller of steam under the Steam Contracts; all in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, NSTAR Steam desires to perform such obligations under the Steam Contracts and to perform such operation and maintenance services for Harvard, all in accordance with the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Harvard and NSTAR Steam hereby mutually agree as follows.

ARTICLE 1. Definitions; Services to be Performed Hereunder; Term of this Agreement

1.1 Capitalized terms not defined herein shall be given the meaning ascribed to them in the CELCo Purchase and Sale Agreement and the NSTAR Steam Purchase and Sale Agreement.

1.2 The Effective Date of this Agreement shall be the Closing Date under the NSTAR Steam Purchase and Sale Agreement. Except as specifically provided for in this Agreement, the obligations of the parties hereunder shall commence as of such Effective Date hereof and shall continue for a period of one (1) year, unless extended by mutual agreement of the parties or sooner terminated in accordance with the terms hereof. To the extent necessary, applicable provisions of this Agreement shall remain in effect following its expiration or termination to provide for final billing, billing adjustments, payments, accounting, and dispute resolution.

1.3 During the term hereof, NSTAR Steam shall perform the obligations of the seller with respect to the production and delivery of steam under the Steam Contracts, which are listed below:

1.3.1 Agreement for Steam Service dated February 5, 1993, as amended, by and between COM/Energy Steam Company and Harvard;

1.3.2 Agreement for Steam Service dated August 25, 1992 by and between COM/Energy Steam Company and Genzyme Corporation.

1.4 During the term of this Agreement and in accordance with the provisions of Article 2, NSTAR Steam shall operate and maintain the Blackstone Station Steam Production Facility substantially as operated and maintained heretofore, but in no event less than in accordance with Prudent Industry Practice and as required in order to perform the obligations to produce and deliver steam under the Steam Contracts. In performing its obligations hereunder, NSTAR Steam shall duly care for and protect the Blackstone Steam Production Facility and the Site consistent with Prudent Industry Practice. Subject to the foregoing, NSTAR Steam shall not cause, permit, or suffer (i) the emission of objectionable odors, fumes, noise or vibration therefrom; (ii) any destruction thereof, except by casualty or force majeure, or the destruction of any books or records related thereto; (iii) any nuisance or waste, or any unlawful, improper or offensive use thereof, or the accumulation of trash or debris thereon; or (iv) any occupancy thereof that is noxious or injurious to any person or property. At the expiration of the term hereof or upon its earlier termination, NSTAR Steam shall (i) remove all of NSTAR Steam's personal property and effects; (ii) remove any alterations and additions made to the Blackstone Steam Production Facility by NSTAR Steam, unless such alterations or additions were requested or approved by Harvard; (iii) repair any damage caused by such removal; (iv) return all possession and control of the Blackstone Steam Production Facility to Harvard as it was as of the date of this Agreement, deterioration due to use, wear and tear, and casualty or other event of force majeure only excepted.

1.5 During the term of this Agreement and in accordance with the provisions of Article 3, Harvard shall pay to NSTAR Steam the amounts set forth in such Article.

- 1.6 NSTAR Steam's Affiliate, NSTAR Electric & Gas Corporation ("NSTAR E&G"), currently employs twenty-six (26) employees (the "Employees") in connection with the operation of the Blackstone Station Steam Production Facility. The Employees are identified in Schedule 1 hereto. Certain of the Employees are employed under the terms of existing Labor Agreements, which are also identified in Schedule 1 hereto (the "Labor Agreements"). If during the term of this Agreement any Employee ceases to be employed in connection with such operation, NSTAR Steam and NSTAR E&G shall consult with Harvard prior to replacing such Employee. During the final sixty (60) days of the term of this Agreement, such an Employee shall not be replaced without the approval of Harvard, unless such lack of replacement would result in fewer than twenty-four (24) Employees being employed. At the expiration or earlier termination of the term hereof, Harvard may offer to some or all of the Employees to continue their employment. Harvard shall pay to NSTAR Steam the sum of one hundred thousand dollars (\$100,000) for each of such Employees (or their replacements) who remains employed by NSTAR E&G at the conclusion of such term and either (i) is not offered employment by Harvard or by Harvard's agent or contractor retained to operate the Blackstone Station Steam Production Facility, or (ii) is offered employment by Harvard or such agent or contractor, but does not accept such offer. In addition, should Harvard or Harvard's agent or contractor retained to operate the Blackstone Station Steam Production Facility choose to employ any Employees covered by the terms of the Labor Agreements, Harvard or such agent or contractor shall be deemed to be a successor employer with respect to those Employees and will assume all such Labor Agreements. During the term hereof, NSTAR E&G shall be the employer of the Employees. In no event shall Harvard be considered, construed or regarded as the employer of the Employees or as a joint employer of the Employees.
- 1.7 NSTAR STEAM and NSTAR E&G represent that the Employees number fewer than fifty (50). NSTAR STEAM and NSTAR E&G agree that in the event that Harvard or Harvard's agent or contractor retained to operate the Blackstone Station Steam Production Facility does assume the Labor Agreements, that NSTAR STEAM and NSTAR E&G shall represent to Harvard at the time of such assumption that there are at that time no pending grievances, arbitration awards, agency orders, or judgments concerning the Employees or their bargaining representative for which Harvard could be liable, except for such grievances, awards, orders, and judgments as had been disclosed to Harvard.

ARTICLE 2. Operation and maintenance of the steam facilities; performance of Steam Contracts

2.1. NSTAR Steam shall perform all the obligations with respect to the production and delivery of the steam required to be undertaken by Harvard in the performance of the Steam Contracts. NSTAR Steam shall exercise its reasonable discretion as to the manner and time of operation and maintenance of the Blackstone Station Steam Production Facility in order to produce the quantity and quality of steam required under such agreements. Operation and maintenance of the Blackstone Station Steam Production Facility shall be performed in accordance with an approved plan as described in sections 2.2 and 2.3 and with generally accepted industry standards, consistent generally with the past practices and staffing levels of

NSTAR Steam. NSTAR Steam shall not enter into any oral or written contracts with respect to the operation or maintenance of the Blackstone Station Steam Production Facility, and shall not terminate, modify, or amend any such contracts, except as contemplated under an approved plan as described in sections 2.2 and 2.3 or otherwise with the prior written approval of Harvard.

2.2 NSTAR Steam shall develop an operating and maintenance plan and budget for the Blackstone Station Steam Production Facility. NSTAR Steam and Harvard shall consult in good faith with respect to such plan and budget, sufficiently timely to permit modification and ultimate approval thereof by Harvard by no later than the Effective Date. Such plan and budget shall include the requirements of, and be consistent with, the following:

2.2.1 The Blackstone Station Steam Production Facility's operation manuals;

2.2.2 The applicable manufacturers' and vendors' warranties with respect to the Blackstone Station Steam Production Facility or any component thereof;

2.2.3 All applicable federal, state, and local laws, permits, licenses, approvals, certifications, regulations, ordinances, bylaws and requirements;

2.2.4 All requirements of the insurance policies applicable to the Blackstone Station Steam Production Facility;

2.2.5 The requirements of the Massachusetts Department of Public Safety and the Occupational Safety and Health Administration;

2.2.6 Prudent Industry Practice; and

2.2.7 Reasonable and practical efforts to optimize the useful life of the Blackstone Station Steam Production Facility, and to minimize fuel consumption, Facility downtime, and costs.

The expenditure of funds in excess of the amounts included therefor in an approved budget shall require the further approval of Harvard. In the event that NSTAR Steam determines that certain maintenance becomes necessary that would require additional, unbudgeted funds, NSTAR Steam shall promptly consult with Harvard concerning such matter. NSTAR Steam shall not be liable for the consequences of Harvard's failure to approve any such proposed additional expenditure.

2.3 NSTAR Steam shall develop a fuel procurement plan for the Blackstone Station Steam Production Facility. NSTAR Steam and Harvard shall consult in good faith with respect to such fuel procurement plan, sufficiently timely to permit modification and ultimate approval thereof by Harvard by no later than the Effective Date. NSTAR Steam shall not be liable for the consequences of Harvard's failure to approve a reasonable and timely-developed fuel procurement plan.

2.4 NSTAR Steam and Harvard shall each designate authorized representatives with respect to Facility operation and maintenance. Such representatives shall meet at least weekly in order

to discuss recent developments and potential changes to operations or usage, to coordinate the review of maintenance performed, and otherwise to develop appropriate plans for operation and maintenance of the Facility, including, but not limited to, an environmental safety and management plan. NSTAR Steam shall prepare and deliver to Harvard each month a report specifying with respect to the month just ended (i) the net thermal output produced by the Blackstone Station Steam Production Facility during such period, (ii) the quantity of fuel oil and natural gas consumed by the Facility during such period, (iii) routine and preventive/predictive maintenance performed, (iv) capital improvements, (v) labor relations, (vi) a summary of major activities planned for the next two reporting periods, (vii) any material information concerning new or significant aspects of the Facility's operations, and (viii) metering data for steam sales.

2.5 NSTAR Steam shall promptly notify Harvard in advance of any scheduled visits or inspections of the Blackstone Station Steam Production Facility by any representative of any Governmental Authority, including, without limitation, the local boiler inspector. NSTAR Steam shall provide a report to Harvard summarizing such representative's visit and any actions required to be undertaken as a result of such visit.

2.6 Prior to the Effective Date, Harvard and NSTAR Steam shall develop a joint emergency response plan. In the event of an emergency affecting the operation or maintenance of the Facility, the party with knowledge thereof shall immediately communicate with the other. The parties, through their authorized representatives, shall coordinate their response to the emergency. In the event of an unscheduled outage, NSTAR Steam shall take such action as may be reasonable and necessary to prevent, avoid, mitigate, or minimize such outage or any injury, damage, or loss, and shall promptly inform Harvard of the unscheduled outage and of NSTAR Steam's response.

2.7 During the term of this Agreement, Harvard shall be responsible for the ordinary maintenance and repair of all other portions of the Site, including, without limitation, all buildings and structures. Harvard shall be responsible for Site security, and NSTAR Steam shall fully comply with Harvard's Site security requirements. Nothing contained in this Agreement shall diminish Harvard's right of access to the Site, or to inspect the Blackstone Station Steam Production Facility.

2.8 NSTAR Steam and Harvard shall develop a protocol governing access to the Blackstone Station Steam Production Facility. NSTAR Steam shall have full access to the Facility in order to perform its obligations hereunder. Other than in exercise of its rights under Article 5, to the extent that access by Harvard to the Facility would involve activity that could interfere with the operation or maintenance of the Facility, the parties shall determine after mutual consultation the best time to conduct such activity.

2.9 During the term hereof, NSTAR Steam shall compile all relevant data and records concerning operation, maintenance, inventory, environmental monitoring and compliance, and administration of the Blackstone Station Steam Production Facility. NSTAR Steam shall provide such data and records to Harvard contemporaneously with its submission to any Governmental Authority and upon request by Harvard during the term hereof. NSTAR Steam shall also provide the complete set of such data and records, including historical data and

records, to Harvard upon completion of such term. In addition, NSTAR Steam shall submit written notice of any of the following to Harvard promptly upon NSTAR Steam becoming aware thereof: (i) any refusal or threatened refusal by any Governmental Authority to grant, renew, or extend any license, permit, approval, authorization, or consent; (ii) any dispute with any Government Authority relating to the operation of the Facility or the provision of services hereunder; (iii) any actual or proposed penalties or notices of alleged or actual violation issued by a Government Authority relating to the operation of the Facility or the provision of services hereunder; and (iv) any oral or written inquiry by any Governmental Authority, including but not limited to, any request for information issued by any Governmental Authority under any Environmental Law.

2.10 To the extent necessary to allow NSTAR Steam to perform its obligations hereunder, and to the extent assignable, Harvard shall assign to NSTAR Steam for the term of this Agreement such licenses, permits, and approvals as Harvard may hold that are required to be held by the operator of the Blackstone Station Steam Production Facility; provided, (i) that NSTAR Steam shall indemnify, defend, and save Harvard harmless from and against all actions, charges, claims, costs, damages, judgments, expenses, fines, orders, penalties and liabilities whatsoever arising or resulting from NSTAR Steam's violation or alleged violation of any such assigned license, permit, or approval; and (ii) that NSTAR Steam shall re-assign such assigned licenses, permits, and approvals back to Harvard at the completion of the term hereof. NSTAR Steam shall be responsible for obtaining, maintaining, and complying with any licenses, permits or approvals necessary for the operation of the Facility that are not held by Harvard or that are not, or cannot, be assigned by Harvard to NSTAR Steam.

2.11 Notwithstanding the limitation on liability contained in Section 6.1 below, NSTAR Steam shall indemnify, defend, and save Harvard harmless from and against all actions, charges, claims, costs, damages, judgments, expenses, fines, orders, penalties and liabilities whatsoever arising or resulting from NSTAR Steam's violation or alleged violation, during the term hereof, of any Environmental Law or any license, permit, or approval governing the operation of the Blackstone Station Steam Production Facility.

2.12 Environmental Matters. NSTAR Steam shall not release or discharge, or permit the release or discharge, of any oil or hazardous materials, or hazardous or toxic waste (as those terms may be now or hereafter defined under applicable law) (collectively, "OHM") at the Site, including but not limited to, the Blackstone Station Steam Production Facility. NSTAR Steam shall not keep, store or use OHM at the Site, including but not limited to, the Blackstone Station Steam Production Facility except such OHM as has been stored and used at the Blackstone Station Steam Production Facility by NSTAR Steam prior to the Effective Date in the course of normal operations. NSTAR Steam shall be liable for any release or threat of release of OHM at, on, under or from the Site or the Blackstone Station Steam Production Facility during the Term (i) caused or permitted after the Effective Date by NSTAR Steam or its employees, agents, contractors or invitees; and/or (ii) caused after the Effective Date by third parties, to the extent NSTAR Steam either permitted or, having the opportunity, failed to prevent such release or threat of release. In no event shall NSTAR Steam be responsible for any other release or threat of release, including, without limitation, (i) any release, threat of release, or discharge caused by Harvard, its agents, contractors, employees or invitees, or (ii) any OHM existing at, on, under, or

migrating from the Site or the Blackstone Station Steam Production Facility as of the Effective Date. In any situation requiring an immediate response, NSTAR Steam shall take all actions required by applicable law and regulations, and shall notify Harvard immediately. NSTAR Steam shall, as soon as practical, inform Harvard of all communications made by NSTAR Steam to any Governmental Authority concerning the release or threat of release of OHM at the Site and provide Harvard with copies of all such written communications. NSTAR Steam shall be considered the "generator" of all oil and hazardous materials, or hazardous or toxic waste, generated as a result of its activities at the Blackstone Station Steam Production Facility from and after the Effective Date and during the Term, for purposes of all applicable environmental laws and regulations. NSTAR Steam shall perform the duties and responsibilities of the "generator" in compliance with all applicable laws and regulations, including without limitation, identifying, packaging, manifesting, reporting, recordkeeping, handling, transporting and disposing of all OHM from the Blackstone Station Steam Production Facility from and after the Effective Date and during the Term, as well as non-hazardous wastes generated at the Blackstone Station Steam Production Facility. NSTAR Steam shall indemnify, defend (with counsel acceptable to Harvard) and save Harvard harmless from all actions, charges, claims, costs, damages, expenses, fines, and liabilities whatsoever arising or resulting from NSTAR Steam's obligations under this Section 2.10 or NSTAR Steam's breach of those obligations. Harvard shall indemnify, defend (with counsel acceptable to NSTAR Steam) and save NSTAR Steam harmless from all actions, charges, claims, costs, damages, expenses, fines, and liabilities whatsoever arising or resulting from Harvard's obligations under this Section 2.10 or Harvard's breach of those obligations. Nothing herein shall amend, modify, supersede or otherwise affect the respective rights and obligations of the parties to the CELCo Purchase and Sale Agreement or the NSTAR Steam Purchase and Sale Agreement.

ARTICLE 3. Payment for Services.

3.1 For and in consideration of the performance by NSTAR Steam of its obligations hereunder, Harvard shall pay to NSTAR Steam an Operating Fee of one hundred four thousand, one hundred sixty-six dollars and sixty-seven cents (\$104,166.67) per month. In addition, Harvard shall reimburse NSTAR Steam for any and all actual, direct, and verifiable costs and expenses authorized by Harvard under sections 2.2 and 2.3 and incurred by NSTAR Steam in performance of its obligations under this Agreement, it being the parties' agreement and understanding that all costs and expenses of operating the Blackstone Station Steam Production Facility and fulfilling Harvard's obligations under the Steam Contracts, including but not limited to employee cost (including an allowance for overhead and administrative/allocation costs of two hundred thousand dollars (\$200,000) per year) and the cost of fuel, and specifically excluding any other allowance for administration, profit, or overhead, shall be paid directly by Harvard and/or fully reimbursed to NSTAR Steam, and that the aforementioned Operating Fee shall be in addition to such reimbursement and/or direct payment by Harvard of such actual costs and expenses. Nothing contained in this Agreement shall impose on NSTAR Steam any responsibility for billing, collection, or the settlement of billing disputes under the Steam Contracts other than providing metering data to Harvard pursuant to section 2.4 above. In no event shall NSTAR Steam be entitled to any revenues due or received under the Steam Contracts.

3.2 NSTAR Steam shall invoice Harvard for all amounts due as Operating Fees or as reimbursement for expenses as described in section 3.1. Such amounts shall be payable within thirty (30) days of the date of Harvard's receipt of the invoice. If Harvard fails to pay any invoice within such period, a monthly late payment charge shall be assessed against the unpaid portion of such invoice amount at a rate equal to one-twelfth of the prime rate charged for commercial loans by Fleet Bank in effect on the date of issuance of the invoice.

3.3 NSTAR Steam shall retain copies of all documentation necessary in order to verify its claims for reimbursement made under section 3.1. Harvard shall have the right to inspect such documentation, as well as all books and records pertaining to NSTAR Steam's performance of its obligations hereunder. Harvard shall be entitled to challenge any amount invoiced to it and paid under section 3.2, other than the Operating Fee, up to one year following the date of such invoice.

ARTICLE 4. Force Majeure: Curtailment of Capacity

4.1 Neither Harvard nor NSTAR Steam shall be liable in damages or otherwise for any delays in performance of its respective obligations hereunder (other than the obligation to make payments) caused by or arising out of any Event of Force Majeure; provided that the party claiming the occurrence of such an event (i) promptly notified the other party of the event, describing, to the extent ascertainable, its expected duration and relevant effect, and (ii) promptly took such measures as were necessary and consistent with Prudent Industry Practice to overcome the effect of such event.

4.2 Event of Force Majeure means an event (i) that was not within the control of the party claiming its occurrence; (ii) that could not have been prevented or avoided by such party through the exercise of due diligence, consistent with Prudent Industry Practice; and (iii) that prohibits or prevents such party from performing its obligations under this Agreement. Events that subject to the foregoing may give rise to a claim of Force Majeure include, without limitation:

4.2.1 Acts of God, including earthquakes, epidemics, fires, floods, landslides, lightning, storms, washouts, weather related events such as hurricanes and other similar, unusual and severe natural calamities;

4.2.2 Acts of the public enemy, wars, blockage, insurrections, terrorism, riots, civil disturbances and arrests;

4.2.3 Strikes, lockouts or other industrial disturbances;

4.2.4 Explosions, breakage, accidents to equipment, facilities or lines of pipe used to supply steam or explosions, breakage or accidents to equipment used in the performance of this Agreement.

ARTICLE 5. Default, Termination

Failure of either Harvard or NSTAR Steam to perform its obligations hereunder shall (subject in each case to the provisions of Section 4.1) constitute a default hereunder. In addition to any other rights the parties may have hereunder, at law, or in equity:

5.1 Harvard shall be entitled without further notice to terminate this Agreement and operate the Blackstone Station Steam Production Facility in the event that NSTAR Steam fails to produce steam therefrom in sufficient quality or quantity to perform the obligations under the Steam Contracts for a period that would give rise to a breach of either of the Steam Contracts;

5.2 This Agreement may be terminated by the giving of written notice by the non-defaulting party to the defaulting party of the failure of the defaulting party to cure any other material default within a period of thirty (30) days after notice of such material default has been given, or within such additional reasonable time as may be necessary to cure such material default, provided the defaulting party has promptly commenced, and thereafter diligently continues to effect a cure to completion; and

5.3 Harvard shall be entitled without further notice to terminate this Agreement at any time for its own convenience, upon (i) payment by Harvard to NSTAR Steam of the remaining Operating Fees that would be due to NSTAR Steam under section 3.1 through the date one (1) year following the Effective Date, and (ii) compliance with the provisions of section 1.6 hereof.

ARTICLE 6. Liability, Indemnification, Insurance.

6.1 NSTAR Steam shall indemnify Harvard and hold Harvard and its officers, agents, employees, and affiliates harmless from and against any claim, demand, action, loss, liability, damage or expense, including third-party claims, to the extent attributable to the negligence or reckless or willful misconduct of NSTAR Steam or its officers, agents, employees, or affiliates. Harvard shall indemnify NSTAR Steam and hold NSTAR Steam and its officers, agents, employees, and affiliates harmless from and against any claim, demand, action, loss, liability, damage or expense, including third-party claims, to the extent attributable to the negligence or reckless or willful misconduct of Harvard or its officers, agents, employees, or affiliates. Notwithstanding the foregoing, neither party shall be liable to the other for indirect, special, punitive or consequential damages.

6.2 NSTAR Steam shall at its sole cost and expense obtain and maintain throughout the term hereof the following insurance:

6.2.1 Comprehensive general liability insurance indemnifying Harvard and NSTAR Steam against all claims and demands for any injury to person (including death) or property which may occur or be claimed to have occurred at the Blackstone Station Steam Production Facility or at the Site as a result of the use of such Facility by NSTAR Steam or its agents or contractors, in amounts not less than ten million dollars

(\$10,000,000) per occurrence and twenty million dollars (\$20,000,000) annual aggregate, with Harvard designated as an additional insured;

6.2.2 To the extent possible at commercially reasonable cost, such boiler and machinery insurance as is currently maintained, with Harvard designated as an additional insured to the extent possible.

6.2.3 Worker's compensation and any other insurance required by law or the nature of NSTAR Steam's duties as operator; and

6.2.4 Such automobile or motor vehicle liability insurance as is currently maintained.

NSTAR Steam shall furnish Harvard with certificates or policies of all such insurance prior to the Effective Date and of each renewal policy, if any, at least thirty (30) days prior to the expiration of the policy being renewed.

6.3 Harvard shall maintain such insurance coverages with respect to the Blackstone Station Steam Production Facility, and with such limits, as are customary and usual.

ARTICLE 7 Miscellaneous Provisions

7.1 Entire agreement; modification. This Operating Agreement constitutes the entire agreement between NSTAR Steam and Harvard and shall govern the rights and obligations of the parties with respect to the subject matter hereof, beginning with the effective date of this Operating Agreement as hereinbefore set forth, and expressly supersedes (as of such effective date) any prior agreements, whether written or oral, between NSTAR Steam and Harvard with respect to the specific matters which are the subject of this Operating Agreement, but expressly does not supersede any continuing obligations under the CELCo Purchase and Sale Agreement or the NSTAR Steam Purchase and Sale Agreement. No amendment or modification of this Operating Agreement shall be permitted or effective unless made in writing, making express reference to this Operating Agreement and the intention of the parties to amend or modify this Operating Agreement, and executed on behalf of both parties by their duly authorized representatives.

7.2 Successors and assigns. The benefits and obligations of this Operating Agreement shall be binding upon, may be performed by, and shall inure to both parties hereto and their respective successors and assigns for the full term of this Operating Agreement; provided, however, that neither party hereto shall assign or transfer, by operation of law or otherwise, its benefits and obligations hereunder in whole or in part without the express written consent of the other party hereto, which consent shall not be unreasonably withheld or delayed.

7.3 Notices. Any notice required or permitted to be given by one party to the other by any provision of this Operating Agreement shall be in writing and signed by the party (or the party's attorney) giving same, unless otherwise specifically allowed, and shall be deemed to have been properly given when delivered to the addressee by hand or deposited in the U.S. mail, first class

postage prepaid, addressed as follows, or to such other person or address as may be designated by a party (or the party's attorney) at any time and from time to time, in accordance herewith:

If to Harvard:

Associate Vice President for Facilities
and Environmental Services
Harvard University, Holyoke Ctr. Suite 761
1350 Massachusetts Avenue
Cambridge, MA 02138

With a copy to:

Office of the General Counsel
Att'n: Robert E. McGaw
Harvard University, Holyoke Ctr., Suite 980
1350 Massachusetts Avenue
Cambridge, MA 02138

If to NSTAR Steam:

President
NSTAR Steam Corporation
800 Boylston Street
Boston, MA 02199

With a copy to:

NSTAR Electric & Gas Corporation
800 Boylston Street
Boston, MA 02199
Att'n: Richard J. Morrison

7.4 Laws and Regulations. This Operating Agreement shall be subject to all Federal, State and municipal laws and regulations which are in effect from time to time. The interpretation of and performance of this Agreement shall be in accordance with and controlled by the laws of the Commonwealth of Massachusetts.

7.5 No Third-Party Beneficiaries; No Joint Venture. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than Harvard, NSTAR Steam, and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party hereto, nor give any third persons any right of subrogation or action against any party hereto. Nothing in this Agreement is intended to create an association, trust, partnership, or joint venture between the parties hereto, or impose a trust, partnership, or fiduciary duty, obligation, or liability on or with respect to either party.

IN WITNESS WHEREOF, NSTAR Steam and Harvard have caused this Agreement to be executed in duplicate by their respective officers thereto duly authorized on the day and year first above written.

NSTAR STEAM CORPORATION

Richard S. Hahn

By: RICHARD S. HAHN

Its: PRESIDENT

PRESIDENT AND FELLOWS OF HARVARD COLLEGE

Sally Zuckerman

By: SALLY ZUCKERMAN

Its: VICE PRESIDENT FOR ADMINISTRATION

Kathy A. Spiegelman

By: KATHY A. SPIEGELMAN

Its: AUTHORIZED SIGNER

Thomas E. Vautin

By: THOMAS E. VAUTIN

Its: ASSOC. VICE PRESIDENT - FACILITIES & ENVIRONMENTAL SERVICES

Schedule 1

**OPERATING AGREEMENT
BETWEEN NSTAR STEAM CORPORATION
AND PRESIDENT AND FELLOWS OF HARVARD COLLEGE**

Abbott, Robert E
Abbott, Scott D
Barry, Robert A
Bartlett, David M
Bedrick, Robert G
Camara, Teofilo D
Capone, Francis E
Caulfield, Cynthia A
Cogliano, Michael
Costa Jr, Anthony J
Davidson, Scott R
Doucet, Michael L
Gotimer, John E
Graham, Sean R
Grazulis, William F
Hamilton, Kenneth R
Harless, Lester
Hathaway, Brian A
Maharaj, Judishtir G
O'Mara, Donald J
Peters, Nicholas T
Schuler, Carl F
Stegall Jr, Joseph T
Thibodeau, Phillip E
Tran, Hai
Tran, Si T

Exhibit GOL-7

AGREEMENT

This Agreement, dated as of the 2nd day of August, 2002, is by and between NSTAR Electric & Gas Corporation ("NSTAR E&G"), a Massachusetts corporation having its principal place of business in Boston, Massachusetts and NSTAR Steam Corporation ("NSTAR Steam"), a Massachusetts corporation having a principal place of business in Boston, Massachusetts.

RECITALS

1. NSTAR E&G and NSTAR Steam are affiliates of Cambridge Electric Light Company ("CEL").
2. CEL is party to those certain documents of even date (the "Blackstone Station Sale Documents") pursuant to its CEL has agreed to sell the land and buildings located at Blackstone Street and Western Avenue in Cambridge, Massachusetts to President and Fellows of Harvard College ("Harvard").
3. NSTAR Steam has historically operated a steam production facility at Blackstone Station on a portion of the premises which are to be sold by CEL to Harvard.
4. NSTAR Steam has agreed as part of the Blackstone Station Sale Documents to enter into an Operating Agreement with Harvard pursuant to which NSTAR Steam has agreed to operate the Blackstone Station steam production facility for a term of one year.
5. NSTAR E&G is the employer of all of NSTAR's subsidiary companies' employees, including NSTAR Steam.

6. NSTAR E&G and NSTAR Steam wish to enter into an Agreement pursuant to which NSTAR E&G will continue to provide the services of its employees so that NSTAR Steam may fulfill its obligations under the proposed Operating Agreement between NSTAR Steam and Harvard.

NOW THEREFORE, in consideration of the mutual promises set forth herein, NSTAR E&G and NSTAR Steam do hereby agree as follows:

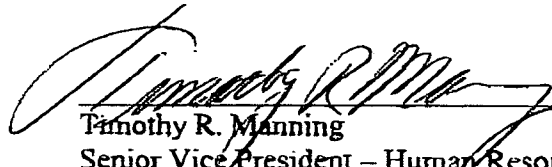
1. Term. The term of this Agreement shall commence as of the date that Harvard takes legal title to the Blackstone Station steam production facilities and shall continue for a period of one year.
2. NSTAR E&G's Obligations. NSTAR E&G shall continue to provide all necessary labor under the same general terms as are currently being provided as of the date of this Agreement in order that NSTAR Steam may fulfill its obligations under the proposed Operating Agreement between NSTAR Steam and Harvard.
3. Payment for Services. In consideration of the provision by NSTAR E&G of its labor services hereunder, NSTAR Steam shall pay NSTAR E&G an amount equal to all of the costs of NSTAR E&G in fulfilling its obligations hereunder. Such costs shall be calculated and billed at the costs and in accordance with the existing procedures that are used as of the date of this Agreement, subject to periodic increases and other adjustments.
4. Severance, retraining and out-placement Costs. Pursuant to the terms of the Operating Agreement between NSTAR Steam and Harvard, NSTAR E&G may

incur severance, retraining and out-placement costs resulting from the performance of the Operating Agreement, all as is set forth in such Operating Agreement. NSTAR Steam acknowledges that as part of its obligations hereunder it shall reimburse NSTAR E&G for the full costs of any and all such severance costs, including any administrative or other costs and fees that might be incurred by NSTAR E&G as a result thereof.


5. Miscellaneous. This Agreement sets forth the entire Agreement between NSTAR E&G and NSTAR Steam with respect to the subject matter set forth herein, may only be amended by an Agreement in writing, shall be construed in accordance with the Laws of the Commonwealth of Massachusetts and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

IN WITNESS WHEREOF, NSTAR E&G and NSTAR Steam have caused this Agreement to be executed in duplicate by their respective officers thereto duly authorized on the date and year first written above.

NSTAR ELECTRIC & GAS CORPORATION


Timothy R. Manning
Senior Vice President - Human Resources

NSTAR STEAM CORPORATION


Richard S. Hahn
President and Chief Operating Officer

Preliminary Calculation of Net Proceeds

1	Sale Price	\$14.600
2	Net Plant	(3.195)
3	Legal Fees	(0.172)
4	Brokers Fees	(0.219)
5	Misc. selling costs and contingency	(.500)
6	Net Proceeds	<u>\$10.514</u>

Exhibit GOL-9

Cambridge Deferral Summary	2000	2001	2002	2003
CTC	\$2.861	\$(0.580)	\$(1.533)	\$11.655
Default	7.057	9.574	6.018	0.331
Standard offer	7.640	0.001	-	0.000
Transmission	9.980	8.688	12.531	0.627
Total	\$27.538	\$17.683	\$17.016	\$12.612
Blackstone				(10.514)
Net Balance				2.098

